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Government Responsiveness and Targeted Spending in Bolivia:  
Evaluating Evo Morales' Mandate to the Poor

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## Abstract:

This thesis explores factors that contribute to government responsiveness in Bolivia. It analyzes the question, under what conditions, if any, do political parties in developing democracies fulfill their mandates to the poor by increasing federal transfers? Evo Morales was elected with a sweeping mandate to change the historic exclusion of the poor and indigenous groups in Bolivia and increase spending to raise their quality of life, and his unique mandate provides a case study to answer this question. To provide background and present existing debates, theories of government responsiveness, the regional New Left political context, and the effect of the indigenous movement on Evo Morales' leadership were discussed. To test these theories, the core and swing voter theories and the participation and electoral theories of democratic responsiveness were analyzed. An original data set with social and financial data from Bolivian municipalities was used to run an OLS regression. The regression tests the relationship between the independent variable, vote share for Evo Morales, and the dependent variable, change in federal transfers to municipalities, to measure government responsiveness. Ultimately, the results support the participation and swing vote theories of government responsiveness. Municipalities with higher levels of participation and municipalities that did not support Evo Morales received increased average transfers. These findings present a new perspective on government responsiveness in Bolivia and apply to the broader study of government responsiveness in developing democracies.

## Introduction

In the small South American country of Bolivia, indigenous voices have been repressed or ignored for centuries. A small elite exploited and excluded them from the political arena. Although they showed continued resistance and protest with some success, like the Bolivian Revolution of 1952, the exclusion persisted. Nevertheless, their power increased in the 1990s with the decentralization of the Bolivian democratic system. Driven by the poverty and inequality they faced, social movements and smaller political parties gained momentum and used the new outlets to voice their demands. After fifteen years of neoliberal reforms that hurt the poorest citizens while the wealthy elite gained, they demanded a new way of life. From roadblocks and protests, to coca farmers organizing in the highlands, they raised their voices for change.

At the forefront of this mass mobilization were Evo Morales and his political party Movimiento al Socialismo (MAS). They claimed, “Somos pueblo, somos MAS,” or we are the people, we are MAS (more) (Postero, 2010, p. 24). Evo Morales was elected with a unique and broad mandate to the poor and indigenous populations. They identified with him and voted him into power because of his claims to improve their situations. Morales rose up through the government with core support from the indigenous, rural, and poor. He entered office with a powerful mandate to reduce the political exclusion and improve the quality of life for all Bolivians in 2006. Now in 2011, what are the tangible results of this dramatic shift? Has Evo Morales fulfilled his mandate to the poor or focused on other national priorities? To explore answers to these questions, this thesis first attempted to answer a broader research question: Under what conditions, if any, do political parties in developing democracies fulfill their

mandates to the poor by increasing federal transfers? Ultimately, the Bolivian case study was used to see what factors contribute to government responsiveness in developing democracies.

A political science perspective was used to evaluate Evo Morales' responsiveness to his constituents. Studying government responsiveness, defined as the contributions that the government makes to its people based on stated goals and citizens' demands, furthers the study of democracy because it takes a closer look at different factors that influence government actions. This study uses federal transfers as a measure of government responsiveness because they can show direct targeted spending from the federal government to the municipalities and indicate government decisions to prioritize spending to certain groups. Ultimately, this thesis argues that Morales is attempting to influence swing voters and is responding to municipalities with high levels of participation. Swing voters are those who did not vote for Evo Morales in the 2005 election and participation is an indicator of participation both in elections and in civil society through NGOs. These important findings show that Evo Morales is not responding to his base as his rhetoric suggests; instead, he is using government transfers to widen his base and further his political gains. Given these findings, politicians in developing democracies might struggle to fulfill their promises to core supporters when they face pressure from other groups. However, the indicator of participation shows that more active areas gained increased transfers. Morales is responding to highly mobilized municipalities that pressure the government from inside and outside the electoral sphere. In developing democracies where politicians face many constraints to spending and unity, active participation is one way to get the government to respond.

The Bolivian case is especially interesting because it provides an example of a developing country that has recently elected a pro-poor party with a mandate for sweeping



change. Bolivians participated in active protests and blockades between 2000 and 2005, forcing out presidents and influencing the political system from the outside. Morales represents the popular demand for change within Bolivia because he is an indigenous leader that gained his leadership experience in the agrarian and mining labor unions and social movements, instead of a leader from the wealthy elite. MAS and Morales claim to represent historically marginalized groups, especially indigenous populations, social movements, and the poor.

In his inaugural speech Morales stated, “The past 500 years of Indian resistance have not been in vain. From 500 years of resistance we pass to another 500 years in power.... We are here and we say that we have achieved power to end the injustice, the inequality and oppression that we have lived under” (BBC, 2006). His rhetoric speaks of a new era for Bolivians by making the economic system more equitable and increasing government welfare to address Bolivians’ basic needs. He also speaks of indigenous changes and representation. This is especially relevant in Bolivia, where in the 2001 Census, 62% of the population identified themselves as indigenous (Dunkerley, 2007). Morales speaks of broad change for Bolivians, but it is crucial to evaluate what factors have actually caused him to respond to his constituents. The Bolivian case is interesting to the study of democratic responsiveness because of the historic change that Evo Morales represents; he represents the Bolivian people in a way that no Bolivian president has before and his citizens are more active and organized than they ever have been before. The unique mandate, coupled with interesting constraints and patterns in developing democracies, creates an especially relevant study of democratic responsiveness.

To provide background, this thesis explores the literature on government responsiveness, the broader context of the New Left in Latin America, and the influence of indigenous culture on Morales’ leadership style and goals. The background and existing literature in each section

provide a foundation for the quantitative research. The quantitative section uses the change in federal transfers to municipalities as a measure of government responsiveness because of the potential for targeted spending. The results and analysis show that participation and swing vote status are two specific factors that increase government responsiveness. By providing specific factors that lead to government responsiveness, these findings further the question: what conditions lead to government responsiveness in developing democracies?

To begin, the first chapter analyzes the existing literature and theory on government responsiveness and provides a framework to understand the Bolivian case. The current literature on democracy in Latin America has found that democratic governments are more responsive to their citizens than autocratic governments. The very foundation of democracy includes methods for citizens to pressure governments to respond, including voting, protest, and organization. Although there is a consensus that democratic governments promote responsiveness, there is a debate over what factors cause them to respond to their citizens. Additionally, there are distinct differences between developing democracies and established democracies in how and why they respond to their citizens. Much of the existing literature uses national level data or qualitative data to support its findings. Additionally, where sub-national data is used, scholars use conflicting measures that support different results. This paper will contribute to the existing literature because it uses sub-national data to support broad theories of democracy and government responsiveness. It builds on previous sub-national studies, but provides both a new case and a new form of measurement to further the study of democracy and government responsiveness in Latin America.

The second chapter builds on the ideas of democratic governance and responsiveness because it provides the context for change within Latin America with the rise of the New Left.

The wider scope of political and economic factors is important because they affect both the actions of MAS and Evo Morales and the international perception of their actions. This chapter covers the background behind the major political patterns in Latin America leading to the development of the New Left and the current literature. Current debates include reasons behind the rise of the left and the classification or interpretation of the New Left movement. This thesis will further the debate by using quantitative data and analysis on a specific case instead of generalizing about New Left categories. It seeks to understand how the New Left movement is impacting both the mandate and the actions of Evo Morales.

After setting up the regional context that affects Bolivia in chapter two, chapter three will identify Bolivia's political system and indigenous organization. This chapter will cover the development of the indigenous political movement in Bolivia, which is essential to understand the leadership and process of Evo Morales. The collective style of governance seen in the Bolivian highlands through the *sindicato* system of land control affects how the new indigenous government perceives its role and the way that it executes policy. Constitutional changes also have provided a pathway of leadership and community organization leading to the election of Evo Morales. The development of a strong indigenous political voice stems from the combination of indigenous values and identity, historic marginalization and poverty, and the effects of neoliberalism. Additionally, participation outside of the political sphere is especially relevant in Bolivia because it has often been the only effective method to get the government to respond. This chapter will outline the history behind indigenous marginalization, constitutional changes and their effect on indigenous movements, and the effect of indigenous heritage and *sindicato* involvement on the leadership of Evo Morales and MAS.

Bolivia will provide a case study to measure factors that lead to government responsiveness in developing democracies because of its recent political changes, its poverty and indigenous population levels, and the New Left leadership of MAS and Evo Morales. This thesis seeks to understand the tangible changes that Morales is making in Bolivia. Some scholars support Evo Morales and others voice doubts about the policies that back his rhetoric. However, there is very little quantitative data in to support either stance. In a country like Bolivia, with extreme levels of poverty and high social action, as indicated by the protests in 2000-2005, it is valuable to assess the actions of the Bolivian government. Additionally, this paper helps to evaluate the responsiveness and accountability of a developing democracy and identify the factors that make a government more or less likely to respond to its constituents. Inequality and social justice are at the base of this issue because the power structure has been centered in the elite, and the elite has marginalized the majority of the population. Morales faces huge challenges, including corruption and economic issues, but it is important to evaluate his actual actions in fulfilling his mandate to the poor beyond his stated goals.

For the methodology, this thesis used qualitative data to analyze the existing literature and present theory and quantitative data to test the hypotheses of government responsiveness. Municipality data was used to see what factors increase the ability or drive for MAS to fulfill pre-election promises and gain insight into government accountability in a developing democracy. An original dataset that covers the 327 Bolivian municipalities was analyzed to see the connection between vote share for Evo Morales and changes in federal transfers during the 2005-2009 period. The independent variable was vote share for Evo Morales, and the dependent variable was the change in total average transfers to the municipality. Through this analysis, circumstances that lead Morales to increase social spending or factors that may prevent MAS

from fulfilling their pro-poor mandate were evaluated. Possible factors that may influence MAS include local political competition, social mobilization, and core or swing vote status. Overall, Bolivia provided a case study to see what circumstances might increase a pro-poor party's ability or drive to increase social spending and evaluate the tangible contributions or lack of contributions that MAS is providing for its base.

Overall, this thesis found that Morales directs transfers to swing voters at a higher rate than his core supporters and to municipalities with higher rates of participation. It used an OLS regression to test the relationship between the variables and finds significant relationships between increased transfers and measures of participation and swing vote status. Moreover, indicators that correlate with support for Evo Morales, such as indigenous or rural characteristics, did not have any significant effect on the level of transfers. Lower levels of income also did not have increased transfers, which show that pro-poor politics are not the driving force for increased transfers. These indicate that Evo Morales is not fulfilling his mandate to the poor through transfers.

The significance of the transfers away from core supporters calls into question Morales rhetoric and stated goals for the indigenous and poor populations. It does not seem that Morales is focusing his spending to the poor or his core supporters, which is an interesting finding considering his broad mandate and rhetoric for change. The significance of participation also provides remarkable support for a factor that contributes to government responsiveness. Ultimately, this thesis shows that Evo Morales has not fulfilled his mandate to the poor by increasing targeted spending. However, it also opens up further areas for research and other studies in the debate of government responsiveness in developing democracies.

## Chapter One: Democracy and Government Responsiveness

The nature and activity of democratic governments is a widely studied topic in many disciplines, with many methods of study and perspectives on the issue. The current literature on democracy in Latin America shows that democratic governments are more responsive to their citizens than autocratic governments. This seems logical because the very foundation of democracy includes incentives for government responsiveness such as elections, protest, and organization. Although there is a consensus that democratic governments promote responsiveness, scholars debate over what factors cause them to respond to their citizens. Additionally, democratic responsiveness differs between developing democracies and established democracies in how and why they respond to their citizens. Much of the existing literature uses qualitative data or national level data to support its findings. Where sub-national data is used, conflicting measures and results are found. This paper will contribute to the existing literature because it uses sub-national data to support broad theories of democracy and government responsiveness. It builds on previous sub-national studies, but it provides both a new case and a new form of measurement to further the study of democracy and government responsiveness in Latin America.

Before entering into the debate over democracy and government responsiveness in Latin America, it is important to define the terms. Democracy has many definitions and has changed over time, but several essential aspects are required for government to be democratic. These criteria include governing based on free and fair elections, universal suffrage, protection of basic freedoms, accountability through laws, and civilian control of the military (Fox, 1994). Peeler adds that democratization is a process with different stages, including stabilization and consolidation (2009). Stabilization indicates that a country has passed through several electoral

cycles while maintaining rules and procedures. The consolidation process moves one step further; the government becomes legitimate and democracy becomes the only acceptable method for gaining power (Peeler, 2009). Most democracies in Latin America are stable, but they cover varying levels of consolidation. Democracy provides an institutional framework for governing that takes into account the desires of the people. It also provides incentives for governments to respond to citizens' demands through elections and pressure from popular organization. Even so, Dahl notes that actual democracies only partially achieve the goals of an ideal democracy (1998). The basic ideals and definitions of democracy and government responsiveness are foundational to the study of democracy and provide background to the literature.

#### *Regime Type and Government Responsiveness*

One consensus in the literature identifies regime type as a major factor of government responsiveness. Brown and Hunter (1999) looked at differences in responsiveness between authoritarian regimes and democracies in Latin America. In periods of economic crisis, they found that democratic countries increased funding of public programs to help their citizens more than authoritarian countries. Overall, democratic governments were more responsive to political factors that could be influenced by popular demand, while authoritarian regimes were more sensitive to economic constraints. They found that the most significant difference in social spending between regime types occurred with the least economically developed countries (Brown & Hunter, 1999). Lake and Baum (2001) found similar results after exploring the connection between democratic or autocratic governments and the level of public services. Their data supported the conclusion that democracy leads to higher levels of public services and that democratic governments have a measurable, positive effect on individuals in their countries. Brown and Hunter (2004) also found that democracies increased human capital by spending

more money on education. These findings provide a foundation for the study of democracy in Latin America because democratic regimes promote government responsiveness more than other forms of government. Within the classification of “democracy,” however, there are variations on how governments respond and their tangible contributions to their populations. The Bolivian case will provide a specific example of a democratic regime and analyze government responsiveness through that lens to further this study. Although regime type is important to understand responsiveness, the level of democratic consolidation also affects how a government responds. The next section will discuss how developing democracies differ from established democracies in constraints, democratic process, and responsiveness.

*Developing Democracies: Credibility and Targeted Spending*

Although both established and developing democracies are democratic, the level of democratization changes the ability and incentives for governments to respond to their citizens. Some scholars argue that existing intermediaries between the government and the population determine how a developing democratic government will respond. Keefer et al. (2008) argues that politicians in developing democracies use patron-client networks to build credibility and then target government spending towards those networks. Patron-client networks are intermediaries between the government and individuals that can mobilize on behalf of the politician and push policies that benefit their clients specifically. This is related to clientelism, or “a relationship based on political subordination for material rewards” (Fox, 1994, p.153). This system is more evident in developing democracies than established democracies because developing democracies must gain citizens’ trust in the institutions and build credibility, while established democracies have already strengthened their credibility over time. Moreover, developing democracies have lower levels of democratic consolidation, while established



democracies have largely completed the process. Because many democracies in Latin America only re-emerged with a lasting effect during the 1980s and 1990s and developing democracies are prevalent in the region, factors that influence responsiveness relating to newer democracies are especially relevant. This thesis will provide further information relating to the discussion of clientelism because it analyzes the causes of government responsiveness in Bolivia, which is a developing democracy that has historically been prone to patron-client networks and corruption.

Mazzuca (2010) presents a new framework for developing democracies that includes the difference between *access* to power and *exercise* of power in Latin America. He uses this distinction to explain how clientelism relates to government responsiveness. *Access* to power, defined as the ability for citizens to vote in free and fair elections is distinct from *exercise* of power, which is the ability for citizens to influence the government agenda once in power (Mazzuca, 2010). He argues that most scholars focus on democratization and *access* to power through elections, but *exercise* of power, illustrated in clientelism and corruption, is the real problem in this region. The difference between regime transition in a democracy and the how institutions actually function presents a different perspective on the issues in Latin America (Mazzuca, 2010). This thesis will further this debate because it looks at the connection between voting in elections (*access*) and government spending (*exercise*). Combining the concepts of access and exercise provides a more holistic view of government responsiveness in Bolivia because it acknowledges factors outside of elections that influence government action.

Further literature related to *exercise* of power shows that clientelism is a result of specific constraints faced by developing democracies. Keefer et al. found that there were different government spending patterns in established democracies countries compared with democratizing countries (2008). In newer democracies, credibility in the institutions has not yet

been established and the costs to building credibility are high. These politicians must direct resources towards voters by increasing government spending or by targeting spending into patron-client networks to increase their credibility. As an alternative to building credibility through broad programs that improve all citizens' quality of life, Keefer et al. found that politicians target spending to well-established patron-client networks to gain support with less overall cost. This shifts incentives away from public goods that benefit all people and can hurt the development of broad political parties and towards targeted spending to specific groups (Keefer, 2008). Additionally, the relationship is asymmetrical, where the client relies on the patron for basic needs, but the patron has the power to withhold goods or services if the client does not provide political support (Diaz-Cayeros & Magaloni, 2003). The intermediaries undermine democratic institutions and prevent individuals from having *exercise* to power because the patrons control the agenda.

In Latin America, there is evidence of clientelism, but there is a debate over when funds are disproportionately distributed to patron-client networks. The two prominent theories are the core theory and the swing vote theory. The core theory states that politicians will target spending to groups that provide core support to maintain power. Although this is a secure investment, there is a risk that this targeting spending will not alter election outcomes because voters are already committed. Alternately, the swing vote theory states that politicians will target spending to undecided voters to push the balance in their favor (Diaz-Cayeros & Magaloni, 2003). Both theories represent politicians targeting spending into specific groups to sway political outcomes, essentially "buying" the vote and undermining democracy, but they differ on the decision-making criteria.

There have been several studies in developing democracies regarding targeted spending to swing voters and core supporters. Diaz-Cayeros and Magaloni (2003) outline several important studies for developing democracies in an overview of targeted spending. The first study looks at Fujimori's actions in Peru. Schady (2000) found specific patterns of the Peruvian Social Fund's (FONCODES) spending. He found that spending increased significantly before national elections, and it was directed to areas that would cause the most political gains including core supporters, marginal voters and the poor. In addition, analysis of Mexican targeted spending showed that the PRI targeted core supporters and places with competitive elections (Estevez et al. 2000; Molinar & Weldon, 1994). On the other hand, Khemani found support for the swing vote theory using data from Indian states (2002). Khemani's study shows that targeted spending to states increased when the party controlling the federal government had fewer seats in the legislature. In this situation, the government used spending to sway swing voters and increase legislative control. In addition to the studies discussed by Diaz-Cayeros and Magaloni, further research in South Korea supports the swing vote theory. Kwon (2005) found that South Korea's government increased spending based on election times. Kwon also found that the government targeted national funds to swing vote providences with competitive elections (2005). Overall, there is evidence that politicians target spending to both core and swing voters in developing democracies.

In a related article, Keefer and Khemani (2005) looked at additional factors that influenced political incentives to increase social spending and decrease poverty. They argue that three major factors shift spending away from the poor: a lack of information about political performance for the poor, social fragmentation, which leads to voting based on personal connections, and a lack of credibility. The lack of credibility is particularly important because in

developing democracies, where there is little credibility overall, there is less incentive for politicians to deliver on their promises. Additionally, reforms that do occur will have short-term goals for which politicians can take credit (Keefer & Khemani, 2005). Fox finds similar results and argues that clientelism is more attractive where there is high inequality, possible political gains or losses are high, and the government is less productive (1994). These factors within a democracy change government incentives to fulfill promises to the population.

*The Electoral and Participation Theories of Democracy*

Continuing the debate over what causes governments to respond, there are two competing theories to show how democratic participation leads to increased government responsiveness. The first, the electoral theory, states that voters threaten to remove or select leaders through elections, which provides incentives for politicians to respond to demands (Cleary, 2007). On the other hand, the participation theory argues that responsiveness is based on pressure through action, such as protest or collective organization (Cleary, 2007). These theories provide the basis for the debate over whether competition in elections or participation leads to increased government responsiveness.

In the literature, support for each side of the argument prevents a broad consensus on factors that promote government responsiveness. In 2006, Hecock found that competitive elections caused increases in education spending using primary education data from Mexico. Based on this data, competition did influence social spending (Hecock, 2006). Stasavage (2005) found similar results in African democracies, where electoral competition increased spending on education. These findings provide support for the electoral theory of democracy. However, Cleary (2007) also used Mexico as a case study, but came to the opposite conclusion. He found no relationship between the level of competition in elections and government performance in

providing basic needs to the population. Instead, he found that government performance was higher where other forms of participation were higher, which supports the participatory theory. Other findings from Moreno-Jaimes (2007) also discounted the electoral theory because there was no relationship between competition and service provision. This paper found that socioeconomic status and modernity, measured by poverty level and literacy respectively, and direct pressure correlated with an increase in services (Moreno-Jaimes, 2007). Depending on the indicators used to measure responsiveness, the studies arrived at different conclusions.

Related to the participation theory, many Latin American scholars explore the effects of social movements, NGOs, and other grassroots actors outside of the traditional political sphere. Vanden argues that social movements work within civil society to pressure government responsiveness (2007). He notes it is important that these movements worked *from below* through organization and coalitions, which sets them apart from other forms of political participation (2007). Vanden used the Bolivian and Brazilian cases to show that broad mobilization of grassroots groups helped force government change and shape new government agendas. Participation through protests, roadblocks, and other direct actions spurred change, not voting or electoral pressure. In addition to social movements, NGOs can also help mobilize people to act outside of the electoral system. Boulding (2010) found that NGOs help provide avenues for participation and can lead to protest or demonstrations in weak democracies where voting is not seen as effective. Boulding used local-level Bolivian data to show the connection between NGO activity and political protest. There is evidence that non-electoral methods of participation can influence government outcomes, and this paper will further the discussion by looking at the relationship between government responsiveness and both the electoral results and indicators of participation.

The conclusions from these studies do not provide a definitive answer for the cause of government responsiveness because they use different indicators to support opposite conclusions. Given that education increases equality of a population and citizens' economic competitiveness, Hecock and Stasavage used education spending to evaluate responsiveness (2006). As an alternative measure, Cleary and Moreno-Jaimes used water and sanitation spending because it shows a government's responsiveness to the basic needs of a population (2007). There is currently a gap in the knowledge, and neither theory has been entirely conclusive. This thesis will contribute to the existing literature and further the debate over factors leading to government responsiveness because both measures of electoral competition and participation were analyzed in the regression model. Additionally, this thesis used a broader indicator of government responsiveness: federal transfers to local governments. This measure is beneficial because other indicators such as education and sanitation can increase for a variety of reasons on the local level. Federal transfers are more indicative of government responsiveness to specific municipalities because they are direct and they follow certain criteria, but can still have targeted spending. The new measure and further analysis will contribute to the debate.

*Conclusion:*

In the existing literature on democracy and government responsiveness, there is much debate over how and why governments respond in different situations. There is a consensus in the literature that democratic regimes are more responsive to their citizens than authoritarian regimes. However, there are also distinct differences between developing democracies and established democracies. Developing democracies are more vulnerable to clientelism and other constraints that lead to corruption or a lack of responsiveness. Additionally, there is a debate related to the electoral process over how governments target spending to certain groups to gain

favorable political results, concerning swing voter or core supporter targeted spending. Factors, such as clientelism and *access* to power or *exercise* of power, and differences in education or information complicate the discussion of government responsiveness. Another major debate in the literature argues over whether democratic governments respond due to fear of punishment in elections or from direct pressure and participation. Overall, there are many theories on why governments respond, but no clear consensus. This thesis continues to add to the discussion of government responsiveness because it includes analysis of voting, participation, and government spending. It combines several key aspects of the debate and acknowledges many possible causes of government responsiveness using novel sub-national data.

## Chapter Two: Latin American Trends and the New Left

Building on the topic of democracy, this chapter will show the leftward trend of elected politicians in Latin America. The New Left is important because the political changes occurring in Bolivia are not taking place in a vacuum; they fit within the larger context of the events happening in Latin America. The wider scope of political and economic factors affects the actions of Evo Morales and the international perception of his actions. There are distinct differences between countries, but at the same time, a general trend of a political shift to the left is currently occurring in Latin America. The New Left represents political parties that focus on social justice, an active role of the state, and opposition to US hegemony (Carlsen, 2005). It stems from the same problems, like poverty and political exclusion, that motivated the revolutionary left to attempt to overthrow existing regimes in Latin America using Marxist ideology and armed resistance; however, the New Left works within existing democratic institutions to gain change. This chapter will cover the background behind the major political patterns in Latin America leading to the development of the New Left and the current literature. The context of the New Left will provide insight into the political changes occurring in Bolivia.

### *Historical Context and the Development of the New Left:*

The development of the New Left stems from political and social actions during the twentieth century that failed to resolve the deep inequality within Latin American societies. Previously, revolutionary movements were one way that Latin Americans attempted to change political and social conditions through mobilization and radical change. There was some progress, but a strong US reaction and support of opposition limited revolutionary success. Another way that governments attempted to increase the quality of life was through economic policies intended to promote growth and generate wealth, first with Import Substitution



Industrialization (ISI) in the 1960s and 70s, and then with neoliberal policies in the 1980s and 90s. The debt crisis of the 1980's and international pressure eliminated ISI, and international institutions replaced it with the neoliberal model, which generated wealth at the expense of the poor and increased inequality. After analyzing broad regional trends, Petras argues that three waves of development occurred in Latin America. The first is the revolutionary phase in the 1960s and 1970s inspired by Fidel Castro and the Cuban model, termed *fidelistas*. The second is reform opposition through the existing system under authoritarian leaders and neoliberalism, and the last is "extra-parliamentary social movements" during the 1990s (Petras, 1997). Both social revolutionary movements and economic changes have not fixed the large problems in Latin America, and the New Left is the most recent movement to attempt to change the status quo.

Exclusion from the political system, large inequality, and poor living conditions spurred the formation of revolutionary movements all over Latin America in the middle of the 20<sup>th</sup> century. From Bolivia and Cuba in the 1950's to Nicaragua, Guatemala, and El Salvador in the 1970's and 1980's, violent revolutionary groups mobilized. The Bolivian Revolution took place in 1952, when the National Revolutionary Party (MNR) seized control of the government. In 1951, the government had declared them a communist threat and prevented their elected representatives from taking office, so the party organized a civil-military coup. Initially an upper and middle class organization, the MNR broadened its base to include the left, especially workers, in order to succeed (Selbin, 1999). The reformist government of the MNR went on to institute universal suffrage, mass education, and agrarian reform (Gustafson, 2002). The Bolivian Revolution had lasting implications for Bolivians, such as land reform and universal suffrage, but the MNR's internal divisions caused its revolutionary control to fade away.

Taking a step back and looking at the entire region, the Cuban Revolution was more significant and became a model for revolutionaries all over Latin America. Cuba visibly helped its poorest citizens through a literacy program, agrarian reform, health care reform, and broke away from US control (Wright, 2001). Afterwards, Cubans provided support, a model for revolution, and inspiration to other groups who attempted to follow in their footsteps (Wright, 2001). However, revolutionary groups that followed in other countries faced US determination to prevent another socialist state in Latin America (Wright, 2001). In the Cold War context, a violent backlash from the United States and the political right resulted in an eventual decline of the revolutionary left. The US provided funding and support to counter-revolutionary forces all over Latin America, which led to the rise of US-backed military dictatorships. Due to the violence and the lack of success that resulted from many revolutionary efforts, the left was discredited and lost much of its following. The revolutionary movements that had exploded all over Latin American eventually lost their ability to create change and people searched for new ways to change the system.

Aside from revolutionary movements, the region was also attempting to solve problems through economic growth. However, many of the broad economic changes resulted from international pressure or a reaction to outside exploitation. According to Willis (2005), Modernization Theory provided a stages of growth model for countries to progress (Rostow, 1960), which caused northern states, like the US, to enact policy on southern states, like Bolivia, and continue imperial relationships. As a reaction, Latin American scholars developed Dependency Theory to explain the process of under-development in Latin America. In this theory, continuing exploitation by the Northern states prevented economic growth in Southern states (Willis, 2005). Many countries adjusted to Import Substitution Industrialization policies in

the 1960s using the Dependency Theory as a model (Willis, 2005). ISI involved governments offering protection and subsidies for industry to increase growth (Grilli, 2005). Growth varied between countries but was consistently fast overall from 1950 to 1973, especially in the manufacturing sector due to state incentives (Grilli, 2005). In addition, there were overall gains in traditional measures of development, such as poverty reduction, life expectancy, and education (Grilli, 2005). Due to inefficiency, however, long-term growth was unsustainable in the ISI model. Furthermore, oil shocks in the late 1970's hurt many countries, causing them to borrow from international organizations. The combination of ISI and external debt forced countries into crisis in most of the region (Grilli, 2005).

Another factor that ultimately paved the way for the rise of the New Left was the opening of democratic systems in Latin America. During the 1960s and 1970s, many countries were controlled by harsh dictatorships. However, by the 1980s, civil society groups finally forced a return to democracy. The shift towards democratic regimes is called the "third wave" of democracy. Huntington describes this "third wave" of democracy as a global movement towards democratic institutions (1991). As democratizing nations, many Latin American countries faced problems of corruption and heavy debt incurred by the dictators, but the ability of citizens to influence the government had increased.

After a return to democratic governance, Latin American countries borrowed from international institutions in the 1980s and were required to adopt structural adjustment programs. International institutions, like the International Monetary Fund and the World Bank imposed neoliberal policies, which opened countries to international markets by lowering trade barriers, increasing privatization of industry, and decreasing state expenditures on social services. The neoliberal policies that promote free trade are also known as the Washington Consensus. Harvey

(2005) explains that in the neoliberal model, individual freedoms are prioritized and the state takes a smaller role. Although neoliberalism is based on the ideals of individual freedom and human dignity, there are many problems and contradictions within the model. For example, the market fails to protect workers and the environment because they are seen as commodities, and interests of international corporations are often prioritized over citizens of a country (Harvey, 2005). These policies increased wealth, GDP per capita, and promoted economic growth, but also caused massive inequality and worsened conditions for the poor (Grilli, 2005). Portes and Roberts, in an analysis of several Latin American countries, identified several trends as neoliberal policies and changes in urbanization took hold. Specifically, they noted that private and export-oriented investment did not trickle-down as expected, but instead caused increased unemployment, a rise in the informal sector, and severe economic inequality (Portes and Roberts, 2005). Lievesley states that neoliberalism resulted in increased poverty and inequality, “Dashing expectations that democracy would bring material security” (2009, p. 9). Worsening social conditions coupled with a greater ability for citizens to have a voice created the conditions for a backlash against privatization and neoliberal policies.

*The new Left in Latin America:*

Dissatisfaction with existing leaders and policies and support for the New Left has caused regional changes in the election of political candidates. Democracy has not provided economic security or decreased problems viewed as the most important, like unemployment, poverty, and inequality (LeoGrande, 2007). Latin America is the most unequal region in the globe and with new democratic and social avenues for power that opened with democracy, citizens are demanding change (LeoGrande, 2007). In 1998, the New Left shift began with the election of Hugo Chavez in Venezuela (Roberts, 2009). Eight countries, from Nicaragua to Chile, continued

the trend and by 2006, close to 60% of the 527 Million people living in Latin America had presidents from leftist parties (Arnson, 2007). It is important to note that the trend of the New Left is a diverse movement with a range of leaders, goals, and political contexts. In regards to New Left governments, Lievesley states, “they possess a hybrid profile, mixing and matching elements of personalism, populism, nationalism, and socialism” (2009, p. 24). This section defines underlying themes of the New Left and presents the relevant debates in the literature including the debate over why the trend has occurred and what this means for Latin America.

There is diversity within the New Left movement, but similar underlying themes represent the movement. The first theme is alteration of the neoliberal economic model that brought the free market into Latin America but had devastating results for the poorest citizens. The New Left uses state resources and prevents further expansion of neoliberal policies (Corrales, 2008). On an economic level, the New Left incorporates socialist ideas of redistribution of wealth and pro-poor policies to address the inequality in the region. Even so, the New Left is not entirely socialist and blends elements of capitalist and socialist models, giving it the name the “pink tide”(Whitt, 2010). Corrales (2008) and Baker & Greene (2009) argue that the movement is more moderate, and although there have been some reversals of neoliberal policies, politicians in the New Left are overall not making extreme economic changes. Another theme is movement toward greater state sovereignty and regional control, in contrast to previous US intervention in the region (Whitt, 2010). While there are different levels of change, forming a more equitable economic model compared with neoliberalism and increased regulation of the market and social expenditures are central factors of the New Left.

More so than previous political shifts in the region, social movements have influenced the development of the New Left. The close connection to civil society and grassroots democratic

participation forces new governments to recognize social movements and their demands (Whitt, 2010). Rodríguez-Garavito and Chavez show that, “contemporary progressive governments go beyond the narrow confines of classic modifications of the market economy and representative democracy” (2008, p.2). They argue that there are new forms of civil society participation with the movement, and governments have expanded their agendas that address inequality to include issues of ethnicity, gender, and race. Petras and Veltmeyer show that major forces of change for the New Left came from the poor, the lower middle class, social movements and trade unions (2009). The force of the social movements leads the left to incorporate diverse demands. Even so, this thesis will continue to analyze the tangible results that social movements have gained due to the left leaning government in Bolivia. Scholars have very different and strong opinions over the results and citizens have high expectations, but there is very little quantitative research to show the effects of the New Left movement. Analyzing Evo Morales, a New Left leader with a unique mandate, will provide a case study for the New Left. This thesis will analyze how different groups that contributed to the New Left are benefiting under the new system.

Although there are several core themes that unite the New Left, the expansion of leftist governments is complex and stems from many factors, which leads to a debate over how the New Left has gained power. The debate rests on two conflicting theories, the performance theory and the policy theory. Baker and Greene (2009) show that these theories provide two interpretations for the New Left. The first is the performance theory, which follows traditional assumptions that new parties enter into power because previous politicians failed to meet the demands of the population (Baker & Greene, 2009). With this theory, failure of right-wing politicians in the 1990s to promote growth through market policies (policies that followed the neoliberal model) caused voters to elect new politicians to meet their demands. This follows

traditional political science reasoning that voters choose to sanction or reward elected officials based on their actions while in office. Although actions might include neoliberal policies in this case, the focus of the discontent is on the leaders and outcomes, not the broader neoliberal policies (Baker & Greene, 2009).

Instead of looking at leadership as the reason for change, the policy theory shows that larger policy trends have created the dissatisfaction. The policy theory argues that New Left governments have a radical mandate to decrease market policies (Baker & Greene, 2009). The policy view looks at macroeconomic policies and wide dissatisfaction with the neoliberal model to explain the rise of the New Left. It relates to the failure of neoliberalism and the increase in a class divide between the rich and the poor. The neoliberal model generated wealth but failed to alleviate poverty and inequality and actually worsened these factors in many places (Petras & Veltmeyer, 2009). Petras and Veltmeyer (2009) take a Marxist class approach to explain how the neoliberal model has contributed to the rise of the New Left. They argue that the political movement is a result of competing class forces between the left, which identifies more with the working class and socialism, and the right, which favors privatization, businesses, and the neoliberal model. In this argument, the lower classes, which were already deeply affected by a history of dictatorships and discrimination, were further hurt by neoliberal reforms and chose to organize, use alternate methods to pressure the state, and contribute to the rise of the New Left (Petras & Veltmeyer, 2009). The policy framework and a class approach provide one reason why the New Left has emerged.

Baker and Greene in their analysis of public opinion data in 18 countries found an alternate view. They argue that the radical policy or the performance theories do not provide the answer and instead voters have granted a *moderate* policy mandate. They state, “a vote for the

left is not simply an expression of anti-incumbency but *does* contain policy-driven content” (Baker & Greene, 2009, p. 10). Elements of the policy theory are included but not as extreme, and the performance theory is discounted as the primary explanation. Although there is a debate regarding the policy and performance theories, it is possible that both aspects play a role in the rise of the new left, in addition to other factors.

Beyond the policy and performance theories, diverse groups and US intervention are additional factors that have affected the New Left. Corrales (2008) argues that groups with various interests within the New Left movement have different motivations and goals but are united in their desire for change. Different groups include radicals who want major changes, protectionists who want to regain state trade control, nationalists who object to US intervention, progressives for increased social spending, access to the market, or pro-poor reforms, as well as multicultural and feminist groups who want to address inequality (Corrales, 2008). Beasley-Murray et al. (2009) agree with this stance, stating, “The left turns are best described as a multiplicity of disparate efforts to reopen or re-found the constitutional order or social pact” (p. 319). They also see the New Left as a diverse movement with different groups and goals. Both Ardití and Petras also acknowledge the role of the US in the rise of the New Left. Ardití (2008) shows that post 9/11, US priorities shifted away from Latin America. Petras and Veltmeyer (2009) argue that the US currently has less power to dictate policy and exert power in Latin America. Overall, many additional factors such as diverse demands and decreased US involvement have also shaped the rise of the New Left.

Scholars have many different perspectives on why the New Left has taken hold, but the basic idea of discontent with the status quo underlies each argument. Although many papers use quantitative measures, the majority use speculation or broad analysis to draw conclusions. This



paper furthers the argument by providing a new perspective with quantitative analysis of Bolivia. This thesis will contribute to the debate through analysis of Bolivia because it is a part of the broader movement, but has specific factors such as high indigenous presence and large mobilization of social groups that make it a particularly interesting case to discuss the New Left.

With the general trend to the left in Latin America, there are many opinions over what this political shift means for Latin America and policymakers in Washington. Scholars disagree on how to classify and view countries. These perspectives are important, especially in the US, because opinions factor into foreign policy decisions. On one side, scholars like Castañeda place countries in either radical or moderate positions. He identifies four shades of the Latin American Left: communist, social democrat, Castroist, and Political-Military, but he argues that social democrat position is the only acceptable way to develop (Castañeda, 2006). Venezuela's Hugo Chavez, in 1998, became the first radical leader elected, but Bolivia and Ecuador are also placed in this category because of their goals to transform institutions instead of work within them. More moderate countries like Chile, Brazil and Uruguay follow a reformist ideology; they want new policies that focus on social welfare but continue to support current institutions (Castañeda, 2006).

The other side of the debate challenges Castañeda, stating that there are multiple paths to develop and reasons behind the levels of radical behavior in Latin America. Sandbrook et al. observes three types of social democracy: radical, classical and third way, and argues that all are options for development (Sandbrook et al, 2007). Schamis acknowledges movement forward through distinguishing between types of the New Left but challenges Castañeda's classification stating, "Further differentiation is needed to account for the various lefts that have emerged in Latin America's recent past" (Schamis, 2006, p. 22). Schamis recognizes that the countries who

seek to reform within institutions, termed “social democrats” by Castañeda, have functional and credible institutions, while those who want to re-create the system, or “radicals,” have had problems with exclusion and corruption in the existing institutions (Schamis, 2006). The democratic context affects politicians’ ability to work within the existing system.

The debate over New Left classification extends to the idea of populism, scholars present different views on the actual results and contributions of New Left leaders often termed “populist” leaders. Lievesley questions the term populism, stating that the negative and emotional connotations with the term are often used to place New Left leaders in a category without analyzing the use or context of the word (2009). Even so, populism is a much-discussed topic of the New Left. Populism is associated with charismatic leaders who use direct gestures to the masses that may be deceptive. Along those lines, Beasley-Murray et al. questions if these leaders can move from, “bombastic rhetoric and diplomatic grandstanding into specific policies and sustainable programs and concrete results....within a renewed commitment to a more meaningful understanding of democratic politics” (Beasley-Murray et al., 2009, p. 320). Populist rhetoric and its negative connotation complicate the discussion of the New Left.

Moving past broad categories to the Bolivian case, the debate continues. Bolivia is connected to the broader movement of the new Left and often associated with the radical left, but there are also factors that make the Bolivian case unique. In the Bolivian New Left debate, scholars view Morales as everything from a radical to a soft moderate who has not made substantial changes. Castañeda argues that Morales is a radical who only hopes to gain more power and claims that he is actually providing the poor with very little and simply using his indigenous heritage to gain popularity (2006). Alternatively, Petras and Veltmeyer (2009) argue that Morales has taken a moderate position in practice. They state that with two years in power,

dramatic changes benefiting the poor have not occurred, and Morales has actually favored investors in the agro-mineral export industries. Although agricultural reform and nationalization of the gas industries were two policy steps, they argue that very little land distribution has been implemented and that de facto control of the natural gas industry remains with multinationals (Petras & Veltmeyer, 2009). Postero argues that the government is beginning to institutionalize its agenda, which might show that Morales is interested in implementation, not just popular rhetoric (2010). Overall, there are many contradictions and perspectives on the Bolivian government's policies. This thesis moves past rhetoric and broad categories and looks at the contributions of Evo Morales to different sectors of society. It will further analysis of the New Left by providing new insight into this case with a quantitative model.

*Conclusion:*

The New Left stems from a variety of economic and political changes that occurred during the twentieth century. The rise and fall of revolutionary movements created a need for a different type of change within the existing system, while crisis in the 1980s and resulting economic changes lowered the quality of life for many and fuelled a drive for a change in the status quo. The New Left is pervasive throughout Latin America, but there are differences between countries. Additionally, there are differences in the outlook and classification of New Left governments. Some see the New Left as a radical threat, while others recognize it as a legitimate path towards development. The larger context of Latin America is important when understanding government responsiveness in Bolivia because larger trends affect Evo Morales' actions and macro-level constraints. The next chapter will build on the ideas presented, especially the economic and social changes that occurred from 1960-1990, but will take a closer look at the unique case of Bolivia in regards to indigenous politics.

### Chapter Three: The Roots of Indigenous Politics in Bolivia and MAS

After setting up the regional context that affects Bolivia in chapter two, chapter three will show how broader changes have affected Bolivian politics and indigenous organization. This chapter will cover the development of the indigenous political movement in Bolivia, which is essential to understand the context of Bolivia and the leadership of Evo Morales. Evo Morales blends *indigenismo*, *sindicalismo*, and nationalism. *Indigenismo* represents indigenous politics, while the collective style of governance seen in the Bolivian highlands through the *sindicato* system of land control affects how the new government perceives its role and the way that it executes policy. Given the strong connection between Evo Morales leadership and the roots of the indigenous movement, indigenous ideas are crucial to understanding government responsiveness in Bolivia. The development of a strong indigenous political voice stems from the combination of indigenous values and identity, historic marginalization and poverty, and the Bolivian constitutional changes. This chapter will outline the history behind indigenous marginalization and constitutional changes, as well as their effect on Bolivian politics.

#### *Spanish Colonial Legacy and Indigenous Marginalization:*

To understand the current situation in Bolivia, it is important to see how the colonial legacy has created a divide between poor, indigenous people and a rich, ruling elite. In 1525, Spain conquered the territory now known as Bolivia because of the opportunity for wealth through silver mines (Foreign and Commonwealth Office, 2009). Resistance to Spanish control grew over time and, in the early 1800s, Bolivia declared its independence. It did not officially break free from Spain until 1825 (Foreign and Commonwealth Office, 2009). In the absence of the Spanish monarchy's control, the lack of infrastructure and process of nation building proved difficult for Bolivia's elites. The country experienced some periods of stability when commodity

prices were high, but its political history continued to be marked with elite-led coups, violence, and corruption in the government until 1982 (Foreign and Commonwealth Office, 2009).

The most lasting impact of Spanish colonialism was inequality between populations, which resulted in uneven development. The poor and marginalized indigenous groups worked in the mines and *haciendas* but did not have access to education or suffrage, while the powerful populations of European descent controlled the political and economic sectors of Bolivia and gained from commodity exports like silver and tin (Foreign and Commonwealth Office, 2009). The Spanish control and exploitation of natural resources and indigenous people caused uneven development because wealth and power was concentrated in the hands of the elite. This history of colonialism continues to affect the power balance in Bolivia because populations of European descent that formed the small elite historically have had more political, economic, and social power.

The historic marginalization is significant because of the high numbers and diversity of indigenous groups in Bolivia. There are over thirty-four Amerindian languages spoken in Bolivia, and a majority of the population speaks one of these languages as their native tongue (Gustafson, 2002). The Aymara and Quechua groups from the highlands are the largest groups, but there are many others. In the 1990 Census, indigenous people from the lowlands were referred to as “savages,” which illustrates the perception of indigenous groups even at this time (Gustafson, 2002). From the era of Spanish colonization, Indigenous groups’ exclusion from politics affected their ability to enact change, but their recent mobilizations are beginning to alter the system.

*Constitutional Changes and Indigenous Politics:*

There are two major institutional changes which have altered Bolivia's political climate and created the framework and drive for indigenous mobilization. The first was the Revolution of 1952, which increased indigenous autonomy and the second, neoliberal changes in the 1980s and 1990s, which threatened the autonomy of groups, but also increased the recognition of indigenous rights. Indigenous autonomy, or the ability of indigenous groups to govern themselves at the local level, developed after the revolution because of the *sindicato* system of rural unions (Selbin, 1999). With a strong central government that largely excluded the rural indigenous groups, the *sindicato* system formed a parallel system of governing outside of the state. Neoliberal changes threatened this structure with the Law of Popular Participation in 1994 because the decentralization of power fragmented the leadership of national union system and decreased *sindicatos'* control at the local level. At the same time, it created formal channels for indigenous and social movements to participate in the government (Gustafson, 2002). The development of *sindicatos* contributed to the framework for strong indigenous organization and the neoliberal changes furthered indigenous groups' ability to participate in government. Yashar's framework will further the discussion of how the two structural changes affected indigenous movements.

Yashar (1999), in an influential article, argues that two institutional changes have spurred the mobilization of indigenous groups. In her argument, the two ways institutions organize the rights of citizens and their channels for dialogue with the government, termed "citizenship regimes," are the corporatist and neoliberal models (1999). In Latin America, the corporatist model centralized the government, provided state-sponsored social programs, and defined organizations that mediated between individuals and the government. To incorporate indigenous

groups, this structure brought them into the system as peasants and created organizations for them based on class, not indigenous identity. This unintentionally allowed for local autonomy of indigenous groups through collective organization and local leadership. On the other hand, the neoliberal model decentralized government control, expanded individual rights, privatized land, and discontinued social programs. Governments attempted to increase individual rights by opening new avenues for participation, but could not guarantee individual rights, and undermined the leverage of community organizations. For example, increased emphasis on property rights undermined the collective ownership of land that many indigenous groups had worked with since the revolution. Yashar argues the threat to the indigenous community structure has catalyzed the indigenous movement (1999). This threat to both livelihood and organization provided the need to organize, and the decentralized government system provided new opportunities for political participation.

Following Yashar's model, the Revolution of 1952 set up the corporatist model in Bolivia because it created centralized institutions and allowed for indigenous autonomy. Selbin argues that the Bolivian Revolution was an incomplete and failed revolution because it successfully institutionalized its agenda but did not achieve consolidation (1999). The lack of consolidation, defined as the empowerment and commitment of the Bolivian populous to the revolution, limited the success, but the institutions provided a foundation for indigenous autonomy through land reform. Prior to the revolution, a rich elite controlled large land tracts, called *haciendas*, while the majority of rural indigenous peasants worked the land in horrible conditions (Selbin, 1999). Agrarian reform redistributed land and organized it into *sindicatos* or rural unions (Selbin, 1999). The *sindicato* system resulted in autonomy for indigenous groups because there was local leadership and collective control of the land. In Bolivia, the *sindicato* system incorporated

elements of European style syndicalism from labor unions but also included characteristics of the *ayllu* system of land holding, which was based on kinship networks and the idea of reciprocity within a community (Van Cott, 2003; Stephenson, 2002). Conzelman explains that the *sindicato* system formed the central community base after the *hacienda* system, and it developed into, “a structure for rural community-based democracy and indigenous political participation in Bolivian politics” (2008, p. 6). The *sindicato* system created a network for rural agricultural workers, incorporated traditionally indigenous *ayllu* elements, and provided a framework for local democracy and participation.

Another important legacy of the revolution was the formation of the COB (*Confederacion Obrera Boliviana*) in 1952, but its position changed dramatically with neoliberal reforms. The COB was a workers union federation that united diverse sectors of society. It relates to the corporatist model because it mediated between the population and the government. Just after the 1952 revolution, it co-governed with the MNR and had veto power over political policy (Kohl & Farthing, 2006). The union’s power continued and it was involved in major political transitions, such as the end of the Banzer dictatorship in 1978 and the beginning of democracy in Bolivia. The COB maintained its unity and strength until the 1980s, when neoliberal reforms took hold.

The shift to the neoliberal model, as Yashar describes, had direct consequences to both the COB and the indigenous movement. In 1985, Jeffery Sachs and the Bolivian Minister of Planning implemented the neoliberal agenda in Bolivia as a part of structural adjustment programs and called it, “The New Economic Policy,” (La Botz, 2007). It promoted some economic growth and stabilized inflation by 1987, but it caused drastic changes in the real interest rates, overvaluation, and paradoxically, increased debt by the late 1990s (Easterly, 2002).



Additionally, privatization of the mining industry caused major cuts and eliminated 23,000 jobs (Farthing & Kohl, 2001). Even more devastating, the lost jobs hurt the leadership and organization of the COB, which had united resistance to the central government from all sectors of society. The COB went from being one of the strongest labor movements in Latin America to a less effective organization that no longer brought the sectors together, but instead took on small fragmented projects with little leadership (Farthing & Kohl, 2001). However, the decline of the COB had further effects on indigenous organization as other unions came to the forefront.

The decline of the COB fragmented organizations but allowed for indigenous leadership in the CSUTCB (*Confederacion Sindical Unica de Trabajadores Campesinos de Bolivia*) to organize over specific indigenous issues. Before the loss of COB's power, the CSUTCB tried to shift the focus of the organization to represent *campesinos*, instead of prioritizing workers, but they were unsuccessful (Kohl & Farthing, 2006). Closing mines hurt the major leadership and organization of the COB, but it allowed the CSUTCB to have an independent voice and lead the indigenous movement. Today, it is the most important organization associated with indigenous action (Gustafson, 2002). The CSUTCB is localized in the Andean region and is related to syndicalism (Gustafson, 2002). It represents non-indigenous groups also but is predominantly associated with Quechua and Aymara groups. Its major issues revolve around agriculture, autonomy, education, and water rights (Gustafson, 2002). Through the central government, the CSUTCB had control and autonomy, which unintentionally organized indigenous groups and created a system of leadership.

Another key indigenous organization is the CIDOB (*Confederacion Indigena de Bolivia*), which developed as international indigenous organizations gained momentum in the 1980s and 1990s. The CIDOB is located in the lowlands and has developed more recently from indigenous

movements in the 1980's. Its major issues are natural resources and political participation (Gustafson, 2002). The increase in indigenous organization and action through CIDOB and CSUTCB elicited a government response to recognize and make constitutional changes for indigenous rights (Gustafson, 2002). In 1994, the Bolivian Constitution changed to state that Bolivia was a "multiethnic and pluricultural" nation, and the Ministry of Ethnic and Indigenous Affairs was created (Gustafson, 2002).

Although the constitutional acknowledgement of indigenous groups was important, the Law of Popular Participation (LPP) in 1994 was the most influential structural change for indigenous movements and democracy in Bolivia. The LPP influenced indigenous groups by decentralizing control to the municipal level. This law changed the distribution of national funds because it allocated twenty percent of national tax revenue to municipalities and transferred ownership of health, education, and other infrastructure from the national to the municipal governments (Faguet, 2009). It also expanded the number of municipalities and gave municipalities the responsibility of annual and five-year plans for development. The LPP changed the structure of the Bolivian government, giving municipalities a greater role in the process.

Although it localized control, the LPP also threatened the strong indigenous organizations. By bringing the government to a local level, *sindicato* organizations were no longer autonomous and lost much of their power (Yashar, 1999). The LPP changed the political structure and shifted power away from highly centralized unions that had mediated between the government and citizens. On the other hand, Van Cott argues that the LPP's decentralization allowed indigenous groups to take part in the national political system because electoral changes allowed small parties with specific geographic support to gain seats in the national legislature

(2003). Munoz-Pogossian shows that constitutional changes have expanded the system, represented by the emergence of over 400 political parties and 500 indigenous and civil associations in the last 20 years (2008). The changes to the system have threatened autonomy, therefore mobilizing indigenous groups, but also have created new avenues by which they can participate in national politics.

The LPP opened up several avenues for government and nongovernmental involvement, increased local participation, and integrated local organizations in new ways. One major effect was further collaboration between municipalities and various types of NGOs because NGOs could provide resources and support to small municipalities, specifically with writing and implementing the development plans (Kohl, 2003). NGOs were already active in Bolivia; they had mediated between political parties and communities and had initiated development projects since the 1970s (Kohl & Farthing, 2006). Even so, the decentralization expanded the NGOs' role in Bolivia. Kohl also cites the importance of the Grassroots Territorial Organizations for local organization (GTO or OTB) that registered with the government after the LPP and took on development projects, mobilized communities, and provided public works (2003). Moreover, between three and ten members from local GTOs formed Oversight Committees or *Comités de Vigilancia*. The OCs have veto power over municipal budgets and budget reports to guarantee proper spending and decrease local corruption (Kohl, 2003). This gave further power to communities, but Kohl also notes that it created a gender gap because men dominated the leadership of existing organizations and the GTOs did not provide new avenues for women (Kohl, 2003). Overall, the LPP increased local power through association with NGOs and the creation of GTOs and OCs.

*Massive Mobilization: Protest in the Public Sphere*

Indigenous mobilization in Bolivia has created a vibrant and active civil society that pressures governments that refuse to acknowledge their demands. Between 2000 and 2005, Bolivia went through a period of instability. During this time, civil society actively engaged the state because groups found the state unresponsive to their demands. In each case of protest, groups demanded procedural justice for greater participation and management of natural resources and a more equal distribution of the resources (Perreault, 2006). The active participation and protest frames the context of Bolivian government responsiveness. Road blockades or *bloqueos* are one method used to pressure the government directly. Conzelman explains, “Participating in a protest or *bloqueo* is a sacrifice of individual time and energy for collective goals, and has been for decades an important vehicle for the insertion of an indigenous voice into national politics” (2008, p.7). *Bloqueos* can have negative effects to the regional economy, but they provide an alternative sphere for indigenous groups to voice demands, organize groups around collective goals, gain the attention of the media, and cause government officials to negotiate (Conzelman, 2008). These cases further illustrate that the government has refused to respond to demands until citizens have used direct pressure. The precedent for how and when the Bolivian government responds to the people is important to the factors that may contribute to government responsiveness in Bolivia.

Huge governmental protest in the Cochabamba Water War represents the force of indigenous and popular organization in Bolivia and the effect of structural reforms on grassroots participation. The Water Wars were massive protests in response to the government allowing Bechtel to privatize water. The deal between the corporation and President Banzer increased water prices 200% and provided the catalyst for huge mobilization (Farthing & Kohl, 2001). In

1999, a town hall meeting and protest over the issue attracted over 10,000 people (Kohl & Farthing, 2006). The town hall meeting organized demands and mobilization at the grassroots level. Additionally, the protests empowered Bolivian citizens because they were the leaders of this movement. Although it was a lengthy process, the protests also succeeded in their aims. Banzer's government cancelled the contract and stated that the social movements would have a larger role in the water oversight (Perreault, 2006).

Also in 2000, both the CIDOB and the CSUTCB organized in the name of indigenous demands and protested the government. Aymara farmer's unions caused roadblocks into La Paz (Gustafson, 2002). These blockades opposed an agrarian reform law and a law that would partially privatize water nationally (Farthing & Kohl, 2001). Led by the indigenous leader Felipe Quispe, CSUTCB roadblocks shut off La Paz for weeks. Meanwhile, Evo Morales led the CIDOB with roadblocks and blockades on the Chapare's connecting road between Santa Cruz and Cochabamba (Farthing & Kohl, 2001). The protesters maintained peace, but there was some violence by the government. Mounting protests led President Banzer to declare a three-month stage of siege. Afterwards, additional groups like teachers and the COB also went on strike to join the protests (Farthing & Kohl, 2001). Eventually, the government agreed to the CSUTCBs demands including reform on water, land, natural resources, and labor laws. The unprecedented level of mobilization and success of the movement had lasting implications for Bolivia. Overall, the resistance has changed the power structure from the previous vertical union system to a grassroots structure that revolves around certain groups with specific goals (Farthing & Kohl, 2001).

In 2003, protest erupted again in the Andean regions over a plan to export gas through a Chilean port, called the Gas War. Transnational corporations would have received the majority

of the gains through the export and sale of Bolivia's resources. Military violence in response to the protests radicalized the movement and brought people from different groups into the protests. The massive roadblocks began in a largely indigenous city, El Alto, but mobilization, marches, and hunger strikes spread to other cities. The broader issues of resource allocation and distribution of resource wealth were at the heart of the gas wars and became national issues for Bolivians (Perreault, 2006). The gas war resulted in the president, Gonzalo Sanchez de Lozada resigning. Overall, the Gas War symbolizes Bolivian's discontent with the current distribution and planning of natural resources as well as their ability to organize and pressure the government through social mobilization.

*The Rise of MAS and Evo Morales:*

The organization of the *sindicato* system of coca growers directly relates to the emergence of MAS. The party began from the *cocalero* union of coca growers (Dominguez, 2009). The *cocalero* unions were founded in the *sindicato* organization around Cochabamba, but they expanded with decentralization in 1994 because the unions were able to participate formally in municipalities as Grassroots Territorial Organizations (OTBs) (Conzelman, 2008; Kohl, 2003). The movement also gained strength after US policy affected the livelihood of many indigenous coca farmers. The US forced eradication of coca because they identified coca growers as narco-terrorists (Postero, 2010). The coca growers relied on the crop for their livelihood and saw the coca leaf as a sacred herbal plant, not as a drug. As a result of anti-coca policies supported by the US government, *cocaleros* initiated protests and blocked routes between La Paz and Santa Cruz (Gustafson, 2002).

The organization of coca-growers in the Chapare region eventually formed a political group. The party began as the *Instrumento Político por la Soberanía de los Pueblos* (Political

Instrument for the Sovereignty of the Peoples—IPSP), but later took the name of an established political party MAS (Postero, 2010). The party had a diverse base and a new style of organization that was bottom-up rather than top-down. This practice stems from the *sindicato* system of local democracy that infused syndicalism labor ideas, such as transparency, accountability, and regular assembly, with Andean tradition (Conzelman, 2008). MAS rose with social movements and became a party that represented indigenous and lower class much more than the elite that traditionally had ruled Bolivia. With the electoral changes in 1994, MAS was able to capitalize on the new grassroots expansion and rise to the national government. Beginning with local elections in 1995 and then congressional seats in 1997, MAS transitioned into the political sphere.

The social movements and *cocaleros* also influenced the politics and ideology of Evo Morales. As a *cocalero* himself, Morales gained his leadership through the *sindicato* system. Now in office, the lessons and experiences that shaped his development continue to shape his leadership. Instead of the top-down leadership that characterizes most presidencies, Morales wants to represent the demands of the people and social movements (Dunkerley, 2007). This view of his role stems from indigenous characteristics of direct democracy and the integrated participation of different individuals in the *sindicato* system. Additionally, he argues for “Andean socialism,” a more equitable economic model that blends capitalism and socialism to provide for community development (Conzelman, 2008).

Dunkerley argues that Morales’ leadership is plebian in nature, because his presidency represents the masses and brings in their ideas of governance. Dunkerley states, “He has cut his salary, abstained from alcohol, worked absurdly long hours, and shared the presidential residence with members of his cabinet” (2006, p. 165). Another way that he represents the masses is

through his connection to indigenous ideas. Morales indigenous heritage is represented in his rhetoric. He speaks of indigenous empowerment and rebuilding the nation (Postero, 2010). Following the grassroots model, he wants indigenous autonomy and locally organized development (Petras & Veltmeyer, 2009). Overall, because of Morales beginnings in the *sindicato* system, he has a different view of his role as president. This role may cause him to be more responsive to the needs of his constituents, since he claims to see himself as an intermediary and focuses on listening to his constituents.

Although Morales has a different role, he faces many constraints as the president of Bolivia. The distribution of resources is an ongoing battle, because large-scale export producers from departments such as Santa Cruz, Tarija, and Pando believe that they are entitled to the wealth, while other poor subsistence and small-scale farmers demand a shift in allocation. This has led to conflict and threats of secession. In 2007, Santa Cruz passed a referendum for autonomy and full control of their resources. The government declared the referendum illegal, but it led to another national referendum on the Presidency of Evo Morales. Morales took advantage of the discontent, turned the referendum into a popular consultation to evaluate his mandate, and won 67.8% of the vote (Petras & Veltmeyer, 2009). However, the right-wing producers continue to influence his goals and threaten the stability of the government. The large Santa Cruz landowners, for example, have been able to stall the government's political project (Petras & Veltmeyer, 2009). Ultimately, Morales has the difficult task of maintaining a certain level of national unity while demands from his base push him one direction and firm opposition complicates the political arena and prevents many changes.



*Conclusion:*

Overall, the development of strong indigenous groups has impacted the rise of MAS and the leadership of Evo Morales. The legacy of Spanish colonialism continues to affect the political and economic situation in Bolivia. Historic indigenous marginalization combined with institutional changes prompted the indigenous mobilization. Applying Yashar's framework to recent events also provides a more cohesive explanation for how institutional changes impacted indigenous politics. The corporatist model centralized the government allowing for indigenous autonomy, while the neoliberal model threatened autonomy but allowed for new ways to participate. This had a two-fold impact, providing a need for indigenous groups to mobilize to protect their autonomy and opportunities to use the existing system to make those changes. Constitutional changes like the Law of Popular Participation and recognition of indigenous groups also expanded their reach. Lastly, the changes led to the formation of MAS and allowed for its increased popularity. Indigenous heritage is a large part of MAS and Evo Morales' perspective and forms many of their goals. Their untraditional style of governance is flexible and rooted in their base. Moreover, their sense of responsibility and accountability is also affected by their indigenous and syndicalism traditions because these structures influenced their leadership development. Although this affects their policy decisions, opposition presents a challenge to the leadership and makes broad changes more difficult.

The complex political arena in Bolivia presents an interesting case study of government responsiveness. The new government of Evo Morales follows several governments that were unresponsive to the people until massive protest forced them out of office. The institutions and developing character of Bolivian democracy presents many constraints. On the other hand, the unique style of leadership and broad mandate may cause Evo Morales to respond to his base.

Either way, the results have implications for the study of Bolivia and democratic responsiveness. Evaluating the actual contributions of MAS and Evo Morales to their base furthers the discussion and allows for a new perspective on the issue.

## Chapter Four: Theory to be Tested

The current literature on government responsiveness fails to reach a consensus over how and why politicians distribute goods and services. This thesis examined the conditions that lead politicians in developing democracies to fulfill their mandates to the poor by increasing transfers to local governments. The relevant literature on theories of government responsiveness, the New Left in Latin America, and perspectives on Evo Morales' policy and actions as president provided the basis for the statistical analysis. This paper addressed the swing vote or core supporter theories of targeted spending, as well as the electoral and participatory theories on government accountability.

The first hypothesis analyzed targeted spending to see if it aligns with the swing vote or the core supporter theory. The swing vote theory argues that politicians will target spending into competitive areas or areas where they do not receive high levels of support in order to widen their base of support (Diaz-Cayeros & Magaloni, 2003). Following this logic, if the swing vote theory holds, then the politician would raise transfers for areas that had a close margin or increased votes for the opponent. Alternatively, the core supporter theory argues that politicians will target spending into areas where support was high in order to maintain their foundation (Diaz-Cayeros & Magaloni, 2003). In this case, if the elected politician followed the core supporter theory, then increased transfers would go to areas that show high vote shares for that politician. This debate sets up two conflicting hypotheses. To test the hypotheses, the vote share was the independent variable. The dependent variable was the amount of government spending, measured by federal transfers to local governments. The first hypothesis tested whether government spending is being targeted to specific groups following the core or swing vote theories.

***H1: A large vote share for the politician in power will be associated with increased transfers to swing voters.***

*(Alternate) H2: A large vote share for the politician in power will be associated with increased transfers to core supporters.*

In the Bolivian case, the first hypothesis, following the swing voter theory, is more likely because of constraints that Evo Morales faces as president. His base shows high support and created a mandate for him through the election, but unsupportive regions are causing instability. If Morales wants to maintain power, an investment to swing voters is likely to yield more political gains. Transfers to his supporters, which are unlikely to lose support in the short term, will cause less political gains. Given the likely political gains by increasing transfers more to areas that are not currently in favor of Morales, he is more likely to follow the swing vote theory.

A second hypothesis tested whether sanction by voting or direct pressure influences government responsiveness to highlight the electoral and participation theories. The electoral theory argues that responsiveness occurs through elections because voters can penalize or reward politicians for meeting their demands (Cleary, 2007). If the electoral theory holds, then the elected politician should increase spending where there was a close margin of victory, indicating competitive elections. Another option, the participation theory, argues that pressure outside of elections, such as organization, protest, or high involvement are more effective in causing government responsiveness (Cleary, 2007). If the participation theory holds, then places with social mobilization, high voter turnout and participation, and increased association through NGOs will show higher government transfers. This set up two additional hypotheses. Similar to the first hypothesis, the dependent variable was government transfers to local municipalities. The independent variables in this case were vote share for the politician and competition in elections

to test the electoral theory, and voter turnout and NGO activity to test the participation theory.

The following hypotheses illustrate the two theories:

***H3: Indicators of political participation, such as NGO activity and voter turnout, will be associated with increases in government transfers.***

***H4: Indicators of electoral competition will be associated with increased governmental transfers.***

The third hypothesis is more likely than the fourth in the Bolivian case because of a tradition of high mobilization and pressure outside of elections to gain political action. As illustrated through the Gas War and the Water War, Bolivians are willing to pressure the government through roadblocks and protest and have been successful in pressuring leaders who do not respond to their demands (Kohl & Farthing, 2006). Boulding showed evidence that populations in weak democracies are more likely to gain from radical measures of participation because the state can be unresponsive to their demands through more moderate means, such as elections (2010). She also found that NGOs facilitate collective action and participation in Bolivia (Boulding, 2010). The existing networks of organization and the history of protest as the only ways to gain change support the participation theory for government responsiveness. However, the fourth hypothesis is also included because of the precedence and potential for competition as a factor of government responsiveness.

## Chapter Five: Methods

This chapter includes the methods and research design to address the hypotheses and analyze the research question: what conditions lead politicians in developing democracies to fulfill their mandates to the poor by increasing transfers to local governments? This thesis uses quantitative data to measure government responsiveness in the Bolivian case. This chapter explains the relevance of studying the Bolivian case, information about the dataset, the models used to test government responsiveness, and explanation of key variables and controls.

### *The Bolivian Case:*

Bolivia is an especially relevant case to the current understanding of democracy and government responsiveness because it is a part of the New Left context, it is a developing democracy, and because recent political changes define a unique mandate for change. The New Left is a hot topic in current research and there is a large debate over what the trend means and how it might affect millions in Latin America. Although there is increased study of the topic, there is almost no quantitative data to support the arguments and conclusions on the New Left. Bolivia is a central nation in the debate and the sub-national data will allow quantitative analysis of government responsiveness that can be applied to the broader discussion of the New Left.

The Bolivian case provides further value because it is a developing democracy. The history of corruption and political problems coupled with the mandate for new governance that represents the interests of the people will provide insight into problems as well as possible solutions concerning government responsiveness in democratizing nations. With many democratizing countries worldwide facing similar constraints this case will help further the discussion of democratic responsiveness.

The Bolivian case is also remarkable because of the historical changes that took place in 2005, with the election of the first indigenous president. The elite dominated politics in Bolivia for hundreds of years. Only in 1994, with the Law of Popular Participation, did avenues to political participation open in Bolivia to diverse groups, such as the poor and indigenous, who had previously been marginalized (Faguet, 2009). The structural changes, social mobilization, and broad government dissatisfaction leading to the election of Evo Morales has implications for the study of democracy. Evo Morales has a unique mandate to the poor populations of Bolivia and his base has specific and far-reaching demands for his administration.

*Data Source:*

The data was collected from the Bolivian governmental website Fichas Municipales Autonomia: <http://obd.autonomia.gob.bo/municipal/fichas/index.php>. This website records data on financial, social, development indicators, and political information for each municipality. This particular data set consisted of financial data and social data from 2001-2009. The financial data included breakdown of municipal income, transfers from the federal government, and categorization of spending by sector (social, energy, etc.). The social data included a wide range of health and education indicators at the municipal level including vaccination rates and education enrollment. Census and election data from a previously compiled dataset were also included (Boulding, 2010). Census figures included indigenous, rural, and population indicators and election data had the results, vote shares, and measures of competition from the 1999, 2004 and 2005 elections.

*Data collection:*

An original data set was compiled for this thesis. The process data collection began with copying and pasting the original tables into an excel file. The data was then organized into two

master spreadsheets, one for social and one for financial. A random check of numbers showed that there were no major errors in the master data set. Additions to the dataset, including census and election measures, were merged in Stata.

*Data Concerns and Limitations:*

Some variables were concerning because of a high number of zeros. After further analysis of the location of zeros it was determined that they were visible across all regions and that the random numbers would not affect the overall data set for the variables used. Variables with a question of accuracy due to excess zeros were not included in the regression models. It was not known why the zeros were present; municipalities might not have had information available at the time of data collection to include it in the updated version, or they might have had trouble collecting data in the early 2000s.

*Data Research and Design:*

The hypotheses were tested using an original dataset on financial data, census indicators, election results, and social spending data. Data provides empirical evidence to add to the debate and provide further information to other studies that either chose different methods or did not arrive at definitive conclusions with their results. The dataset was used to test whether sanction by voting or direct pressure influences government responsiveness and to see where government spending is being targeted. Through Stata, ordinary least squares (OLS) regression was used to estimate coefficients of interest. OLS produces a line of best fit that minimizes the sum of the squared vertical distances from the line to the observed data points. It uses the sum of squared distances to estimate the true relationship between two variables. Robust standard errors were used to correct for non-constant standard deviations of the variables.



There were two models of the regression to test the effect of vote share for Evo Morales on average federal transfers to municipalities. The first hypothesis stated that a large vote share for the politician in power would be associated with increased transfers to swing voters. The third hypothesis stated that indicators of political participation, such as NGO activity and voter turnout, would be associated with increases in government transfers. The fourth stated that indicators of electoral competition would be associated with increased governmental transfers. The first model used the difference in the average total transfers (including IDH, CPP, and HIPC) between 2001-2004 and 2005-2009 as the dependent variable. This measured the change in transfers specifically under the Morales administration. The second model used the difference in the average transfers without including the IDH transfer as the dependent variable. This control assured that observed differences in the total transfers were not solely because of increased funds being targeted to oil producing regions, which was expected to a certain degree with the IDH transfer. The second set of models (3-4), used the previous independent and dependent variables but included extra controls to show that extraneous variables were not affecting the regression.

$$\begin{aligned} \text{Model 1: Change in total average transfers} = & \beta_0 + \beta_1 (\text{Vote share for Evo Morales}) + \beta_2 \\ & (\% \text{ Electricity}) + \beta_3 (\text{Logged Population}) + \beta_4 (\text{Population Density}) + \beta_5 (\% \text{ Indigenous}) \\ & + \beta_6 (\% \text{ Rural}) + \beta_7 (\text{Total NGOs}) + \beta_8 (\text{Voter Turnout}) + \varepsilon \end{aligned}$$

$$\begin{aligned} \text{Model 2: Change in average CPP and HIPC transfers} = & \beta_0 + \beta_1 (\text{Vote share for Evo} \\ & \text{Morales}) + \beta_2 (\% \text{ Electricity}) + \beta_3 (\text{Logged Population}) + \beta_4 (\text{Population Density}) + \beta_5 \\ & (\% \text{ Indigenous}) + \beta_6 (\% \text{ Rural}) + \beta_7 (\text{Total NGOs}) + \beta_8 (\text{Voter Turnout}) + \varepsilon \end{aligned}$$

For further support of the hypothesis, additional controls were added to the first two models. The third model represents additional controls using the dependent variable of change in total average transfers, and the fourth model uses only the average change in the CPP and HIPC transfers.

$$\begin{aligned}
 \text{Models 3 and 4: Change in total average transfers (3) or average CPP and HIPC} \\
 \text{transfers (4)} = & \beta_0 + \beta_1 (\text{Vote share for Evo Morales}) + \beta_2 (\% \text{ Electricity}) + \beta_3 (\text{Logged} \\
 & \text{Population}) + \beta_4 (\text{Population Density}) + \beta_5 (\% \text{ Indigenous}) + \beta_6 (\% \text{ Rural}) + \beta_7 (\text{Total} \\
 & \text{NGOs}) + \beta_8 (\text{Voter Turnout}) \\
 & + \beta_7 (\text{Vote Share for MAS}) + \beta_8 (\text{Competitive Elections}) + \beta_9 (\text{Region}) \\
 & + \beta_{10} (\text{Energy Spending}) + \beta_{11} (\text{Difference in the Average Social Spending}) \\
 & + \beta_{12} (\text{Literacy}) + \varepsilon
 \end{aligned}$$

*Variables and Descriptive statistics:*

*Transfers:*

To test the hypotheses, the difference between the total average transfers to the municipalities between 2001-2004 and 2005-2009 was used as the dependent variable. Transfers are a good indicator of government responsiveness because they are directed from the federal government to the municipalities. Transfers from the government include the Co-participation Transfers (*Coparticipacion Tributaria*, CPP) from shared national tax revenue, which provides the majority of the municipal revenue, the Heavily Indebted Poor Countries Relief (HIPC), and the Direct Tax on Hydrocarbons (IDH). In some small municipalities, approximately 80% of the revenue comes from the CPP and remaining transfers such as the HIPC and the IDH constitute approximately 20% of the revenue (Fretes-Cibils et al, 2006). Even larger municipalities are dependent on transfers from the federal government, and on average, only 40% of their

expenditures are from their own revenue (Inchuaste, 2009). There are certain regulations and criteria for the amount of each type of transfer that is directed to each municipality, but there is variation within the broader criteria that could allow for targeted spending. The first step in the analysis of transfers is to understand the basic rules for the transfers, how they should operate, and why there might be deviations. Based on an analysis of Bolivian transfers, there are several possible reasons why transfers are disproportional (Fretes-Cibils et al, 2006). The following model attempts to explain these differences and other potential reasons.

The first major transfer to the municipalities is the *Coparticipacion Tributaria* (CPP, Figure 1). This transfer is based on national tax revenue, which is collected and then distributed to the municipalities based on population. This transfer was established with the Law of Popular Participation in 1994, which allocated 20% of national tax revenue directly to the municipalities (Inchuaste, 2009). This law also allowed municipalities to collect taxes, which is still a small portion of the total income. Currently with the CPP, departments receive 12 percent and the universities and municipalities receive 16 percent of shared national tax revenue (Fretes-Cibils et al, 2006). The allocation is on a per capita basis, which attempted to fix unequal distribution that favored cities over rural areas. It also required that a large portion of the Co-participation Transfers be directed towards public investment, which increased local spending in health and education (Inchuaste, 2009). Although national tax revenue is distributed based on municipal population an analysis of the municipality tax revenue indicated that there were differences in allocation that were not explained by population alone.

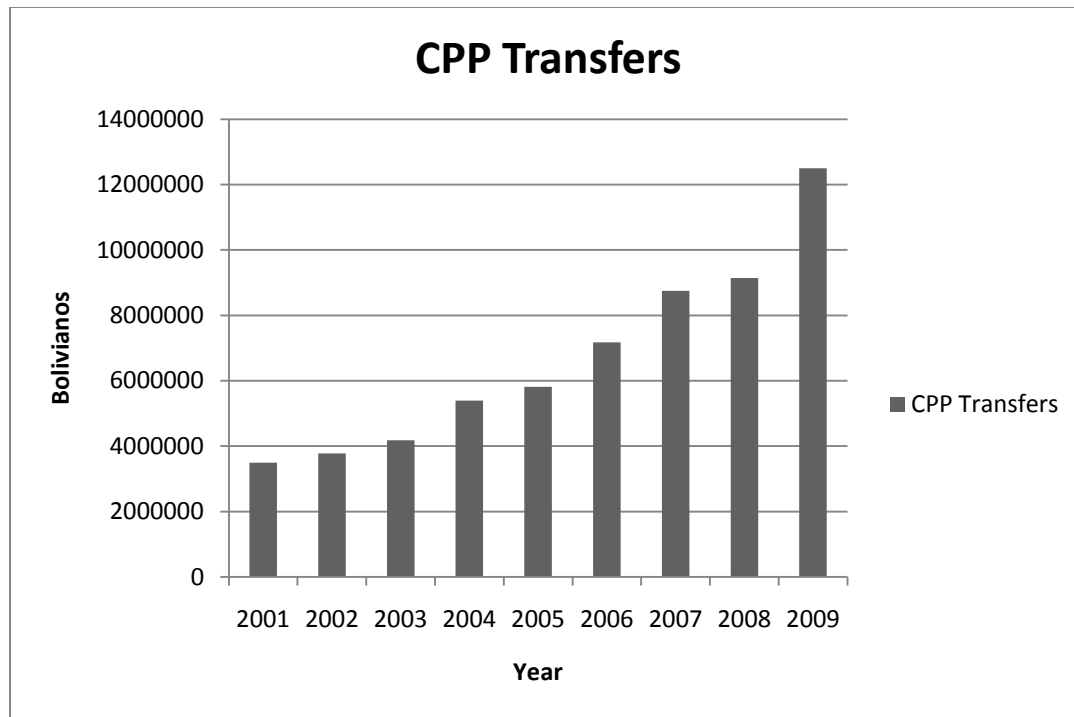


Figure 1: CPP Transfers from 2001 to 2009 in Bolivianos (Fichas Municipales Autonomia, 2009).

Under debt relief from the International Monetary Fund and the World Bank, Bolivia directs the Heavily Indebted Poor Countries (HIPC) transfer to municipalities (Figure 2). Bolivia was one of the first countries to receive debt relief in exchange for further structural adjustments and poverty reform. The intent of the HIPC was to redirect savings into poverty reduction programs (Inchuaste, 2009). The first HIPC relief was implemented in 1998, and the second in 2001, which added requirements for increased health and education spending. The total HIPC relief amounted to almost US \$1.7 billion in current value (Fretes-Cibils et al, 2006). The allocation of the HIPC favored poor municipalities, which were usually rural. Between 2001 and 2004, only 24% of the HIPC went to large cities, while poor municipalities received 68% (Fretes-Cibils et al, 2006). The goal of the HIPC was to reduce poverty disparities between urban and rural areas, although there are mixed perspectives on the success of this initiative.

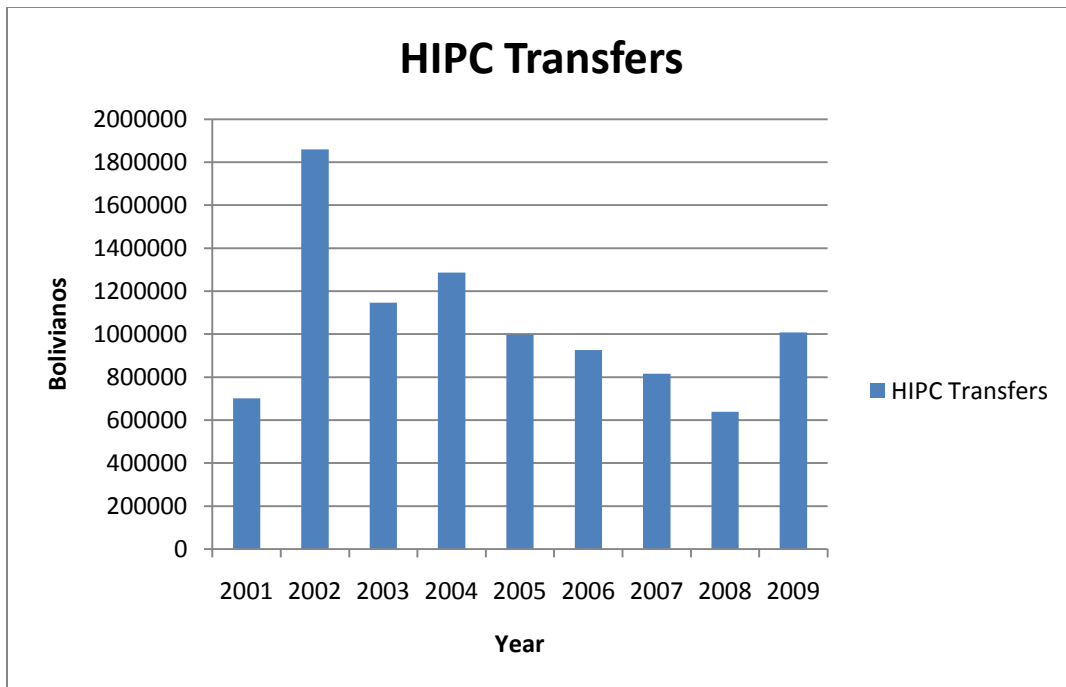


Figure 2: HIPC Transfers from 2001 to 2009 in Bolivianos (Fichas Municipales Autonomia, 2009).

The last transfer, the IDH, is a direct tax on the hydrocarbons that was created in 2005 (Figure 3). Regional differences occur because departmental royalties are allotted based on the amount of gas reserves that a department produces. Hydrocarbon production is concentrated in Cochabamba, Santa Cruz, Pando, and Tarija, and royalties are concentrated here. Additionally, population is not involved in the allocation, and per capita transfer amounts can be even more unequal. Pando and Tarija benefit much more than other departments due to this system. For example, Pando has twice the national per capita average IDH, while Tarija, which contains 86% of the gas reserves but has only 5% of the population, has an allocation three times the national average (Fretes-Cibils et al, 2006). Conversely, La Paz has a large population, but because it is not a producing department, it has much less per capita. Further analysis shows that energy spending and IDH transfers have a significant relationship as expected. To offset the imbalance, the Departmental Compensation Fund adds additional transfers to nonproducers to bring them up

to the national average. However, the redistribution depends on IEHD (*Impuesto Especial sobre los Hidrocarburos y sus Derivados*) funds, or the Special Tax on the Hydrocarbons and Derivatives, which is limited because IEDH funds grow more slowly than the royalties (Fretes-Cibils et al, 2006).

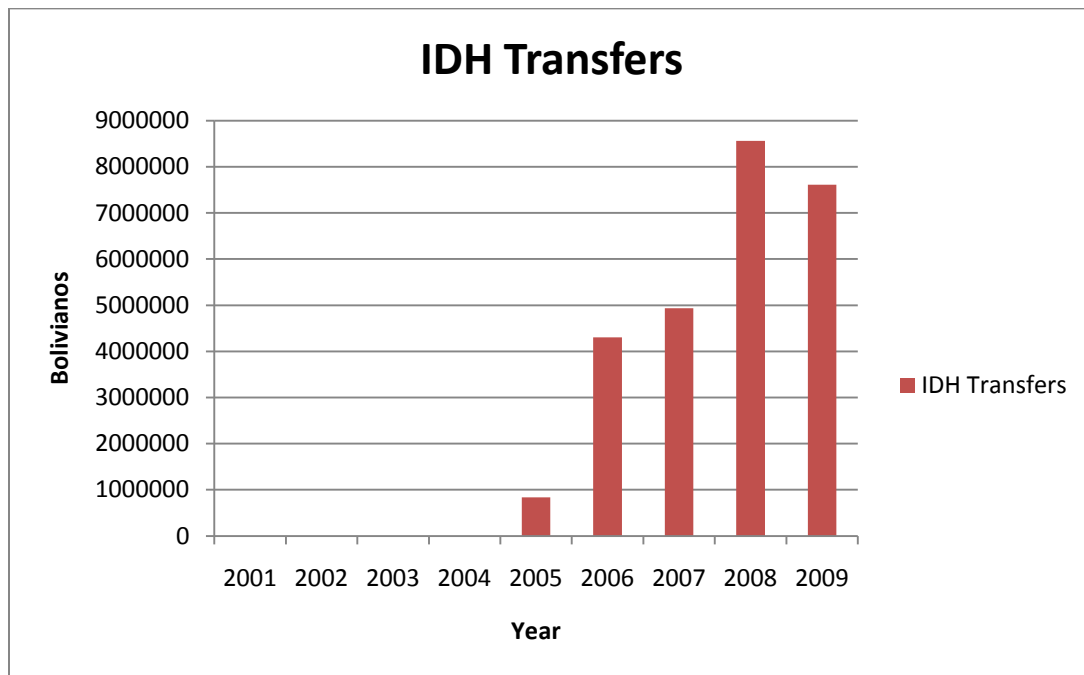


Figure 3: IDH Transfers from 2001 to 2009 in Bolivianos (Fichas Municipales Autonomia, 2009).

With each transfer having rules but many problems with allocation, differences from expected transfers are possible. Using this measure will indicate whether the federal government is distributing transfers significantly to particular groups or regions.

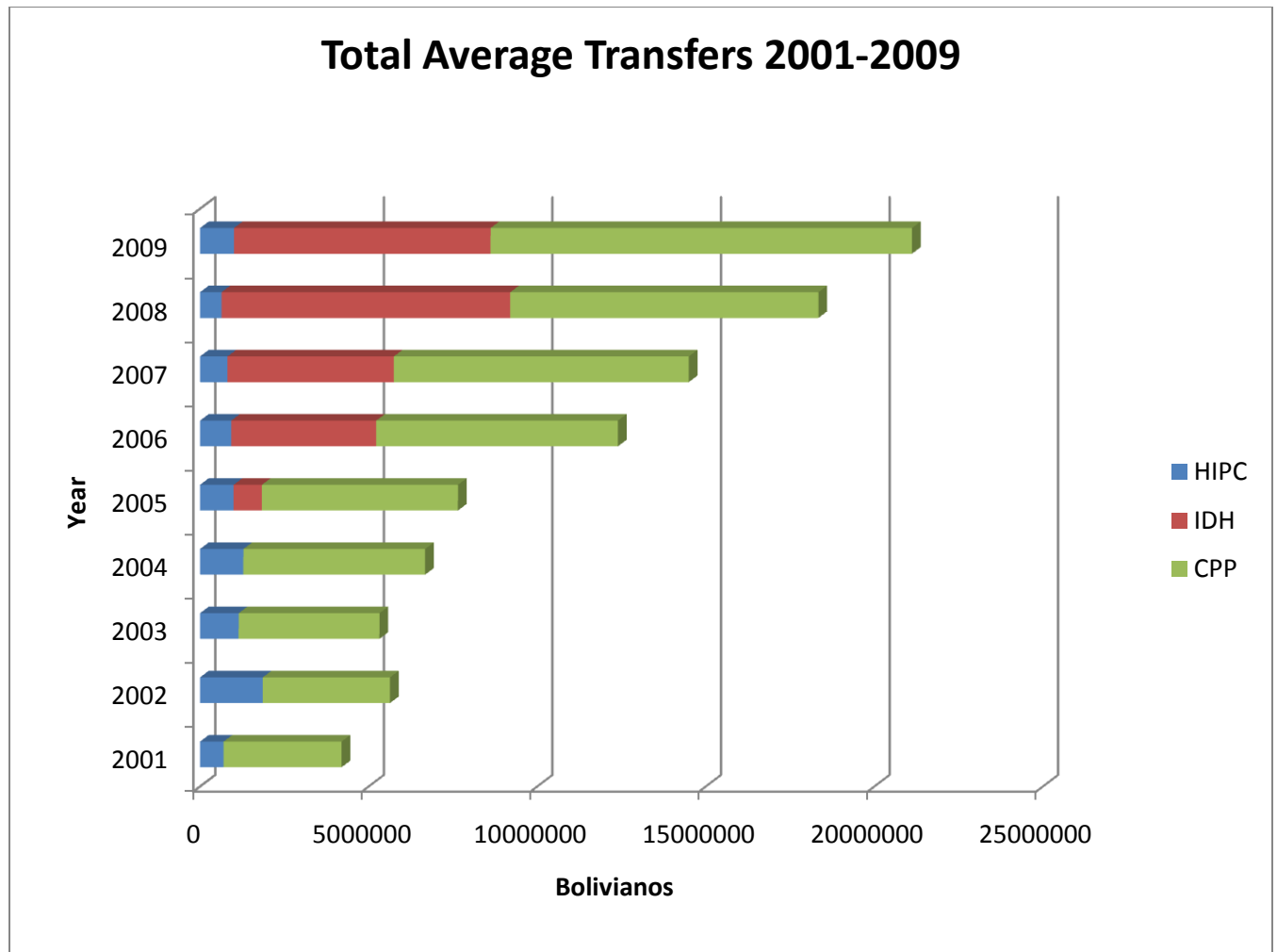


Figure 4: Total Average Transfers from 2001 to 2009 in Bolivianos (Fichas Municipales Autonomia, 2009). The figure also shows the breakdown of each transfer (HIPC, IDH, and CPP) as a part of the total average transfers.

*Election data:*

Election figures from an existing dataset created by Boulding (2010) were used to measure competition, participation in elections, and support for Evo Morales. The data is available from the Bolivian National Election Court (*Corte Nacional de Bolivia*; CNE, 2009). Vote share for Evo Morales came from the 2005 Presidential elections and was calculated based on votes for Morales divided by the total number of votes in each municipality. Voter turnout, vote share for MAS, and competition in elections were from the 2004 municipal elections. Voter

turnout is the number of registered voters that cast a ballot, measuring the total ballots to include blank or invalid ballots because that is often used as a measure of protest. For the competition variable, an election was considered competitive if the margin between the two largest parties was less than 3%.

*NGO data:*

Information from an existing dataset created by Boulding (2010) was used to measure the number of NGOs in each municipality. NGO data was collected from a Bolivian government registry published by the Vice-Ministry of Public Investment and Foreign Financing and is available online or as a published book (VIPFE). The NGO data has been updated five times since 1996, the most recent count taking place in 2004. The information is self-reported by NGOs and includes the acronym, name, country of origin and department where the NGO is registered. There were 130 municipalities had no NGOs recorded in 2004.

*Control Variables:*

Control variables included measures from the 2001 Bolivian Census and other municipal figures. Census figures are available from the National Institute of Statistics (*Instituto Nacional de Estadística*; INE, 2010) and were used from an existing dataset compiled by Boulding (2010). The controls from the 2001 Census included population (logged), the percent of the population that is rural (% rural), the percent of houses with electricity (% Houses with Electricity), the percent of the population that is indigenous (% Indigenous) and the percent of the population over age fifteen that is literate (% Literacy). Rural and indigenous indicators are especially important in the Bolivian case because much of Evo Morales core support comes from poor and rural areas, in which the population is mostly indigenous. Controlling for these factors allows the relationship between change in total average transfers and rural or indigenous populations to be



calculated to see if there is targeted spending to core supporters. The percent of houses with electricity was used as a substitute for income because there were many missing income figures (N=248) and electricity provided a similar control. Regressions were run using both controls and there was no difference in the results between percent of houses with electricity and income. Literacy was used as an additional control to analyze the effect of education levels on the change in transfers.

Other controls, such as change in average social spending and change in energy spending were calculated using the original dataset from Fichas Municipales Autonomia. The difference in the average social spending was calculated as the difference in social spending between 2001-2004 and 2005-2008 using municipality spending data. Social spending includes spending on health, education, sanitation and water, and urban planning. This control provided an indicator to test a relationship between increased transfers and increased social spending. This is relevant because many previous studies use social spending indicators to measure government responsiveness, such as education or sanitation.

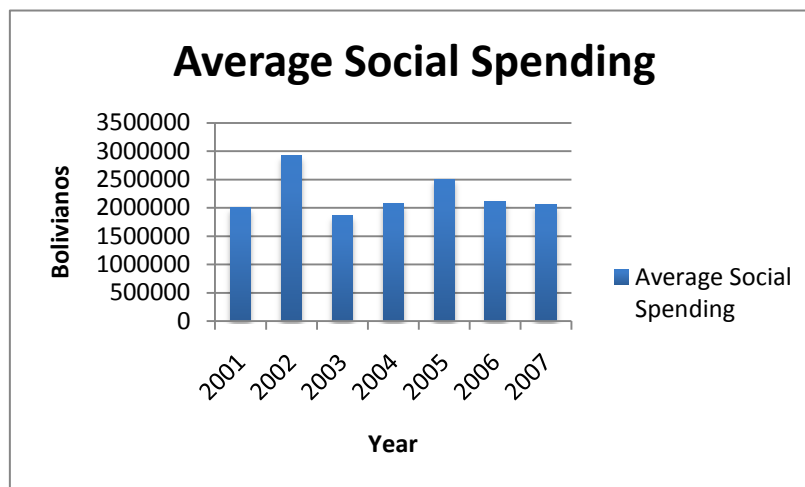


Figure 5: Average Social Spending from 2001 to 2007 in Bolivianos (Fichas Municipales Autonomia, 2009).

Change in energy spending was also calculated as the difference in energy spending between 2001-2004 and 2005-2008. It shows municipality spending in the energy sector. This variable was used to see if a relationship between energy spending and increased transfers existed. This controlled for energy to ensure that differences in transfers were not solely due to increased energy spending.

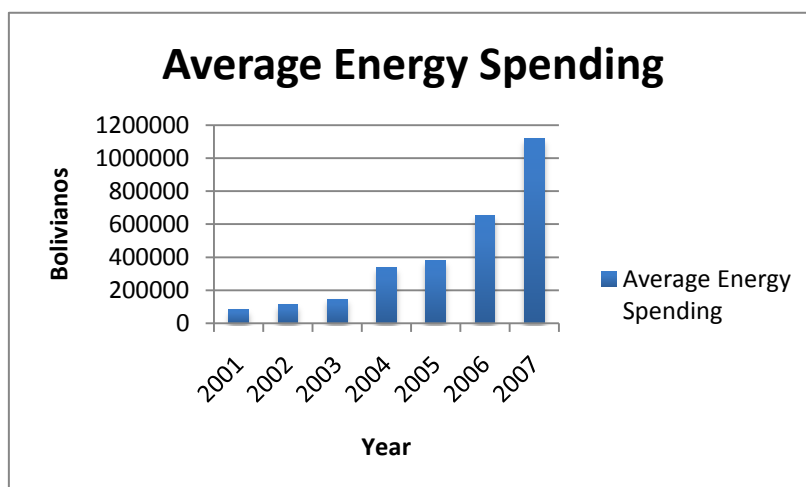


Figure 6: Average Energy Spending from 2001 to 2007 in Bolivianos (Fichas Municipales Autonomia, 2009).

## Chapter Six: Results and Discussion

### *Targeted Spending to Core or Swing Voters:*

The results of the OLS regression support the hypothesis that the Morales government directs transfers to swing voters at a higher rate than his core supporters. This discounts the alternative hypothesis that the Morales government is targeting his core supporters as his mandate would suggest. The regression between vote share for Evo Morales and the change in total average transfers shows a significant negative relationship (Table 1). The negative relationship shows that a municipality with a high vote share for Evo Morales receives a lower increase in transfers than a municipality with low support for Morales.

Moreover, indicators that correlate with support for Evo Morales, such as indigenous or rural characteristics do not have any significant effect on the level of transfers. There was no relationship between indigenous or rural populations and increased average transfers ( $p=.32$ ,  $p=.2$ , respectively). It would be expected that high levels of transfers going towards indigenous groups and rural areas would be related to the base of MAS and Evo Morales. These two groups tend to support Morales because of his platform and stated goals. Population density also has a significant relationship with increased average transfers ( $p=.052$ ). This could further indicate that cities or other areas are being favored over rural areas. These findings are significant because they indicate that Evo Morales' government is not targeting spending to his core supporters.

Lower levels of income also did not correlate with increased transfers, which show that pro-poor politics are not the driving force for increased transfers. There is a significant negative relationship between the percent of houses with electricity (indicator for income) and total transfers ( $p=.057$ ). This is interesting because there are many pro-poor initiatives and laws that have occurred through the federal government, but the change in total average transfers are not

based on poverty levels. Although much of Evo Morales rhetoric is based on pro-poor initiatives, there is a negative connection between poverty levels and increased transfers.

Overall, these results suggest that Morales is not fulfilling his mandate to his core supporters. His government targets spending away from those who voted for him and the poor and does not have any significant transfers going towards indigenous or rural municipalities. This sets up an interesting discussion of the reasoning behind the targeted spending. The evidence supports the swing vote theory of government responsiveness and discounts the rhetoric of Evo Morales.

*Participation and Increasing Transfers:*

The third hypothesis, relating participation with increased total average transfers, showed a significant relationship. Indicators of high participation had huge correlations with increased average transfers. The total NGOs in 2004 and the change in the total average transfers had an especially significant relationship ( $P < .01$ ). Additionally, there was a significant relationship between voter turnout and the change in average transfers ( $P < .05$ ). These results suggest that municipalities with high levels of participation and mobilization are receiving increased transfers. Evo Morales is targeting money specifically towards areas that are mobilized and active.

The fourth hypothesis related competition to increased transfers and did not show a significant relationship. The results go against the electoral theory because competition in elections had no relationship with change in average transfers ( $p = .937$ ). Although competition is a potential indicator for government responsiveness, the insignificant relationship suggests that the Morales government is not responding specifically to competition by increasing transfers.

**Table 1: The Relationship between Transfers and Vote Share for Evo Morales**

	Model 1	Model 2	Model 3	Model 4
<i>Dependent Variable</i>	<i>Change in Total Average Transfers</i>	<i>Change in total CPP and HIPC Transfers</i>	<i>Change in Total Average Transfers</i>	<i>Change in CPP and HIPC Transfers</i>
Vote share for Evo Morales	<b>-1.54E+07**</b>	<b>-3317858*</b>	<b>-1.66E+07**</b>	<b>-3908201**</b>
	(6306009)	(1832816)	(7125011)	(1930170)
% Houses with Electricity	<b>-6591751*</b>	<b>-2035416**</b>	-1.03E+07	<b>-4057034*</b>
	(3446995)	(875681.4)	(8512540)	(2303284)
Log of the Population	<b>3365771**</b>	<b>653058.6*</b>	<b>3650169**</b>	<b>956605.6**</b>
	(1349233)	(362698.1)	(1817927)	(480346)
Population Density	<b>37310.13*</b>	<b>12884.89**</b>	46903.06	17200.29
	(19136.11)	(5657.947)	(35043.27)	(10555.68)
% Indigenous	-2324290	-378365	672603.1	370182.6
	(2266467)	(545186.7)	(3056615)	(794377.4)
% Rural	-53379.58	-2117.39	-71214.39	-8453.61
	(41565.85)	(9703.595)	(54825.81)	(15716.19)
Total NGOs in 2004	<b>1309725***</b>	<b>352325***</b>	<b>1292095***</b>	<b>345025.1***</b>
	(293334.5)	(69683.98)	(296008.3)	(74710.54)
Voter Turnout	<b>1.55E+07**</b>	1096910	<b>1.43E+07*</b>	1380872
	(6677520)	(1491211)	(7316193)	(1680144)
Vote Share for MAS			714840.9	605597.9
			(3781300)	(1036436)
Competitive Elections			99931.77	88379.73
			(1267654)	(343606)
Region			253186.3	148134.5
			(325935.9)	(93292.06)
Energy Spending			0.5827755	-0.50657
			(1.43449)	(0.315113)
Change in Average Social Spending			0.8602786	0.421959
			(1.854498)	(0.52408)
Literacy			9782359	<b>3599741*</b>
			(6862849)	(1821929)
Constant	<b>-2.51E+07*</b>	-4605248	<b>-3.45E+07*</b>	<b>-9956287*</b>
	(1.29E+07)	(3256519)	(1.97E+07)	(5311336)
N	310	310	307	307
R-squared	0.7642	0.7436	0.7749	0.7773
<i>Note: Robust standard errors in parentheses</i>				
*P<.1    **P<.05    ***P<.01				

This could mean that the threat of losing elections in places with close margins was not a primary motivator behind increased transfers. Instead, places with a dominant vote share against Morales showed increased average transfers. These results show that places with a strong hold against Morales received increased transfers, while those on the edge of support did not have a significant relationship.

*Controls and Increased Transfers:*

The controls showed the expected outcomes and do not change the overall findings. A significant relationship between population and increased transfers occurred. This is expected because the basis for a large portion of the federal transfers is population. The CPP is the largest transfer and it is allocated based on population. Population has a significant positive relationship with the change in total average transfers ( $P < .05$ ). Because this control had the expected relationship, it does not affect the results.

Additional controls specifically related to the influx of IDH transfers were regional and energy spending controls. Both region and energy spending had no significant relationship with increased average transfers. The IDH transfer is allocated more towards natural gas producing departments. Checking for the regional and energy spending variables prevented expected differences in the IDH from influencing the overall result. These controls were important because they show that there are specific differences that cannot be explained by the IDH equation for distributing funds.

Vote share for MAS and the change in average social spending were not significant. This indicates that the significant relationship is between the national government and individuals and is not related to local party affiliations with MAS ( $p = .85$ ). Moreover, the change in average social spending had no correlation with increased average transfers. This shows that

municipalities receiving more money are not necessarily using it for social programs. Using transfers instead of social spending as the dependent variable shows targeted spending in the Bolivian case.

Literacy is the last control, and in one model it is significant. This could indicate that education levels play a role in increased transfers, but further study would be required to see if this relationship is sound. It is only significant with increased average transfers in one model (model 4,  $p < .05$ ). Overall, the transfers do not alter the results, and with further study, could show additional factors leading to government responsiveness.

#### *Discussion:*

Overall, there are two ways to interpret these findings. The first is more negative, showing that Evo Morales is not fulfilling his mandate to the poor by increasing municipal resources in the places that voted him into power. The second shows that democracy in Bolivia is functioning because Evo Morales is not using a clientelistic model to hand government transfers over to his supporters. Either way, this is an interesting finding in the context of the New Left. It discounts the idea that Evo Morales is simply a radical and a danger to the US because sweeping changes in transfers that might upturn the political system have not occurred. At the same time, it might provide support that his populist rhetoric that claims to support the poor and indigenous is not founded in specific targeted spending. If Evo Morales was fulfilling his pro-poor mandate, increased transfers to the poor are expected. Instead, they are not significantly targeted to any income bracket and are actually targeted away from Morales supporters.

The first explanation of the results shows that Evo Morales is not fulfilling his stated mandate to the poor. His core supporters are indigenous and impoverished populations, but there is no direct evidence of him increasing transfers in their direction. These findings support Petras

and Veltmeyer (2009) in their argument that Evo Morales has actually pursued a moderate policy mandate. He has not taken drastic steps to disrupt the existing social order through governmental transfers. Instead, he is using them to target swing voters and broaden his base of support. Although he has initiated constitutional reforms that represent his ideals of action, the direct government transfers represent his actual spending contributions to his base. Those transfers are going away from his core constituents. Since 2006, Evo Morales has not provided his base with tangible increases in transfers compared with other groups. Not only are transfers not increasing specifically for his base, they are increasing in the opposite populations. Even though this might be a viable political decision, it goes against his stated goals and rhetoric. These results suggest that Evo Morales is not using transfers to benefit his core constituents and is instead attempting to make political gains with targeted spending.

The second explanation shows that Evo Morales is not targeting spending to his core supporters, but takes it in a more positive light. Especially in a developing democracy, where clientelistic relationships are more common and the tendency towards corruption is higher, targeted spending towards core supporters can be problematic. If the Morales government did target funds towards core supporters simply to buy their votes, he could maintain a clientelistic relationship where he gains politically in exchange for basic economic benefits for his supporters. The idea that transfers are not following a clientelistic model could be positive for democracy in Bolivia because the government is not simply providing handouts in exchange for votes. However, this explanation would be more convincing if spending was not targeted towards any group. The fact that Morales is targeting spending away from his constituents lessens the probability that transfers are following a more democratic and less clientelistic model.



Morales is using targeted spending for political gains, but where he is targeting the spending is not consistent with his mandate.

Although there are several ways to interpret these findings, it is difficult to understand Morales' specific constraints and motivations behind the transfers. The significance of the targeted spending indicates that there are actual decisions to target to certain places. However, Evo Morales must assure that the Bolivian government continues to function and maintains stability. For example, pressure from departments like Santa Cruz to increase autonomy and control gas reserves threatens Evo Morales' entire pro-poor program. Without the money from gas reserves, he would not have the ability to fund social programs. In this sense, Evo Morales might be attempting to broaden support and gain time to make changes later. Increasing support would allow him to better fulfill his mandate to the poor without a severe political backlash. Even so, this is a dangerous political move, because it is easy for Morales state that he is buying time to help later and ignore these demands later on. However, the limited functioning of the Bolivian government also limits Morales and his ability to fulfill his mandate. There is a strong precedence for corruption and targeted spending in Bolivia. He is entering into institutions that have never functioned at a high or efficient level. In this sense, Morales faces problems within the system that he must counter before implementing his mandate. Overall, several constraints limit Morales in his ability to implement his mandate including regional conflict and institutional weakness.

Although there is evidence that Morales is not fulfilling his mandate, there is also strong evidence that he is targeting spending to areas with high participation. This is an especially relevant finding for both Bolivia and developing democracies. In the context of Bolivia, Evo Morales claims to represent the social movements, and places with high activity are more likely

to have social movements and NGOs present to organize their demands and actions. This interesting finding is especially significant because it occurs over all four models with  $p < .01$ . This supports the participation theory of democracy, which is important because Bolivia is a developing democracy that has less functioning political institutions. Protest and forcing the government to acknowledge demands has been one successful way that Bolivians have organized in the past. At the same time, results from elections have not provided the changes for the poor that they would expect. In Bolivia, and perhaps in developing democracies, governments will respond to participation more than electoral pressure. As democracies consolidate, there might be a shift towards additional electoral significance in government responsiveness. These results indicate that participation is a primary factor of government responsiveness in developing democracies.

Participation as a primary factor for government responsiveness continues to add to other scholars' findings such as Kohl and Boulding. Kohl (2003) notes that NGOs in Bolivia are important at the local level because they provide resources and support. They are intertwined with the political and social character of municipalities because they help with development and provide avenues for community participation. Boulding (2010) adds that NGOs facilitate participation because they provide opportunities for association. Overall, NGOs have a large role in Bolivia and affect participation and government responsiveness. The significant relationship between increased transfers and NGO activity furthers this argument. It shows that the organization that NGOs provide to communities can extend beyond development and protest and lead to specific political consequences.

The significance of participation furthers the study of democracy in Latin America because it supports certain factors that favor government responsiveness. Participation and the

swing voter theories are both supported through these findings. Moreover, instead of using social spending, which does not show any significance in this model, transfers are direct from the federal to the local level and provide a different indicator for further research on government responsiveness.

## Conclusion:

The rise of Evo Morales represented a historic moment in Bolivia's history. With such a large mandate for change, however, it was important to evaluate his responsiveness to the majority of Bolivians that elected him. This prompted the question: what conditions, if any, do political parties in developing democracies fulfill their mandates to the poor by increasing social spending? Moving past rhetoric or larger groupings of the New Left, this thesis brought insight into the debate of government responsiveness in developing democracies. It evaluated Evo Morales' unique mandate to the poor and found that he is not increasing targeted spending to core supporters. Instead, areas that have swing voters and high levels of participation are receiving targeted transfers. These results suggest that participation and swing vote-status are two factors that influence government responsiveness. They each had a significant relationship with increased average transfers under the Morales administration, which shows targeted spending to these specific groups. Although this thesis provided two factors that influence government responsiveness, it also opened up new questions about government responsiveness.

The ideas presented in this thesis open up a range of debates and prompt further study of government responsiveness in Latin America. It raises the question, are their specific factors within swing vote municipalities that increase the likelihood of targeted spending? For example, within municipalities that did not vote for Evo Morales, it would help to know if there is a difference between indigenous or non-indigenous and poor or wealthy communities. This further breakdown might allow the transfers that are directed away from core supporters to make more sense. It also raises the question, what other possible avenues is Evo Morales using to fulfill his mandate to the poor? Although transfers provide a good indicator of government responsiveness it is important to explore other ways that Evo Morales could be targeting his core supporters.

Further information about types of NGOs and the relationship of other local organizations such as OTBs or OCs also could add to the findings. Additional methods of research such as ethnographic study or public opinion data could also further this discussion by providing the public's perception of government responsiveness in Bolivia. Other perspectives would further complete the picture of government responsiveness in Bolivia. These findings open up the debate for future research, while providing significant results to further the study of democratic responsiveness.

The importance of these findings extends beyond the Bolivian case. Within Latin America, these findings are important for analysis of the New Left. Bolivia is often seen as a radical country based on the rhetoric of Evo Morales and his ties to Hugo Chavez. However, this thesis calls into question Morales' actual policy initiatives, which are much more moderate in nature. Uncovering differences from broad trends and developing a study of the New Left that looks past categories is helpful to see what is actually occurring in Latin America. Understanding similarities and differences between Latin American regimes is important for policy, perspective, and further academic analysis. It is easy to oversimplify the debate of the New Left and many scholars have emotional responses when they hear words like "radical" or "socialism," but quantitative data adds meaning to this debate because it provides a tangible analysis of outcomes.

Insight into the Bolivian case also provides more information about government responsiveness in developing democracies. Developing democracies face specific constraints as they work through consolidation and build credibility. Because those constraints are often different from established democracies, democratic responsiveness also may differ. Politicians in developing democracies may be limited in their ability to fulfill their mandates to their core

supporters or they may choose to expand their base because of political gains. Either way, targeting swing voters instead of core supporters is an interesting finding.

Furthermore, one of the most important ideas stemming from this thesis is the analysis of participation. Participation was the most significant predictor of government responsiveness in Bolivia. In developing democracies, where institutions are unable or unwilling to meet the demands of the citizens, direct pressure is often the only way to gain change. However, it is working as a tool for governments to respond. The analysis of participation is timely because new social movements and NGOs have recently developed and become more influential. Bolivia, with its large indigenous population and huge mobilization for protests is an active example of participation. However, these results may extend to other developing democracies where political pressure is a major method for gaining change. Participation outside of elections is a factor in government responsiveness. This prompts further discussion of how developing democracies function, both within their political institutions and from outside.

Overall, Evo Morales political response has not reflected the mandate given by the majority of Bolivians. However, Bolivia's unique political changes and broad mobilization further the study of government responsiveness. Although the election of Evo Morales was a historic moment for Bolivia's marginalized groups, it may have only been the beginning. Bolivia's recent changes to its institutions and structure allowed for more formal participation of marginalized groups. Those groups succeeded in using the structure to bring a candidate that represents them more than ever before to the presidency. However, Bolivia has not finished its democratic development. Continuing democratic consolidation may create a system that responds better and better to the people of Bolivia. The analysis of the Morales government shows that the country is responding to specific factors, and these may expand in the future.

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